



Daily Report

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United States & Canada

PRC: Envoy to U.S. Speaks on Bilateral Ties, Taiwan at Reception

OW1702142296 Beijing XINHUA Domestic Service
in Chinese 1138 GMT 17 Feb 96

[By reporter Ying Qian (2019 6197)]

[FBIS Translated Text] Washington, 16 Feb (XINHUA) — Chinese Ambassador to the United States Li Daoyu hosted a Spring Festival reception at the embassy on the evening of 16 February. About 500 overseas Chinese from some 40 Chinese communities in the Washington area and neighboring states were invited to attend the reception to celebrate the Spring Festival, a traditional holiday of the Chinese nation.

In his toast, Li Daoyu reviewed the excellent situation in China over the past year. He said: Today, China enjoys economic growth, political stability, unity of ethnic groups, and social progress; and scenes of vigorous growth can be seen everywhere.

Discussing Sino-U.S. relations, he said: Last summer, due to the U.S. Government's permission for Li Denghui [Li Teng-hui] to visit the United States, bilateral relations were in an extremely difficult situation. After bilateral contacts, the United States again reiterated that it would pursue a "one China" policy and oppose "two Chinas" or "one China, one Taiwan"; and would abide by the three Sino-U.S. joint communiques and oppose Taiwan's independence and entry to the United Nations. Following the meeting between President Jiang Zemin and President Clinton in New York, Sino-U.S. relations began to improve.

He said: The three Sino-U.S. joint communiques are still the foundation of Sino-U.S. relations, and the Taiwan question is the core of the three communiques. Only when the three communiques are observed can Sino-U.S. relations be improved and developed.

Speaking of the Taiwan issue, Li Daoyu said: Putting an end to the division between the two sides and accomplishing the great cause of the motherland's reunification is the common aspiration of compatriots on both sides of the strait, is in the fundamental interests of the Chinese nation, and is a historical trend that cannot be stopped. The Chinese people will remove every interference [pai chu yi qie gan rao 2226 7110 0001 0434 1626 2371] to accomplish the great cause of the motherland's reunification. Any attempt to create "two Chinas," "one China and one Taiwan," or "Taiwan independence" in a deliberate attempt to split Taiwan from China is doomed to failure.

He expressed sincere appreciation to overseas and ethnic Chinese in the United States for their concern about

Sino-U.S. relations and the motherland's construction and reunification, as well as for their contributions toward this great cause.

Qin Huasun, China's permanent representative to the United Nations, held a reception at the headquarters of the Chinese Permanent UN Delegation on 15 February to celebrate spring festival with ethnic Chinese friends in New York's scientific and technological circles as well as representatives of Chinese companies and institutions stationed in New York.

In addition, over the past few days, Chinese consulate general in New York also held spring festival receptions for overseas Chinese, Chinese students, and Chinese companies and institutions in New York and America's eastern region.

Northeast Asia

PRC: Senior Official on Expected Trade Increase With Japan

OW1702132296 Beijing XINHUA in English
1156 GMT 17 Feb 96

[FBIS Transcribed Text] Beijing, February 17 (XINHUA) — Sino-Japanese trade is expected to grow this year, hitting a trade volume of over 60 billion US dollars.

And in Beijing a senior Chinese official disclosed that increasing numbers of Japanese enterprises plan to invest in China's hinterland.

Lu Kejian, deputy director-general of the Asian Affairs Department of China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC), said in an interview with XINHUA that economic and trade relations between China and Japan witnessed a remarkable development last year, as bilateral trade, basically balanced, continued to increase.

The two countries were still important trade and economic partners, with Japan remaining China's biggest trade partner.

Bilateral trade volume last year hit a record, amounting to 57.47 billion US dollars, a rise of nearly 20 percent over the previous 12 months.

Lu said that China's export mix continued to be optimized and manufactured goods accounted for two thirds of China's total exports to Japan.

However, most of the exported items were primary manufactured goods and high value-added products were to increase.

Lu noted that most products from Sino-Japanese joint ventures were sold back to Japan, the proportion reached 30 to 40 percent of the Sino-Japanese trade volume.

He pointed out that the increase in Sino-Japanese joint ventures helped China's import of machinery equipment, raw materials and spare parts from Japan and the export of China's manufactured goods like textiles and household appliances to Japan.

This, in Lu's words, plays an important role in improving China's export mix and helps Sino-Japanese trade reach a balance.

During last year, Japanese investment in China continued to grow. In the first nine months of 1995, Japan invested in 1,937 projects in China, with contracted Japanese investments worth 5.13 billion US dollars, and 1.994 billion US dollars were put into those projects.

By the end of last September, Japan had invested in a total of 12,259 projects, with the total contracted investment reaching 19.367 US dollars, including a total amount of 9.534 billion US dollars being put into those projects.

Lu emphasized that Japanese investments in China were prompt and efficient, and the scale of the Japanese-invested projects in China continued to expand.

Meanwhile, more and more Japanese enterprises intend to invest in central and western China.

Lu said he believed that the increase in Japanese investment in China will promote the further development of bilateral economic and trade co-operations between the two countries.

PRC: Radio Views ROK-Japan Dispute Over Tokto Island

SK1802084996 Beijing China Radio International in Korean 1100 GMT 17 Feb 96

[Commentary: "Why Has the ROK-U.S. Territorial Dispute Been Expanded Gradually?"]

[FBIS Translated Text] Disputes between the ROK and Japan over the ownership of a small island have been gradually increasing. As a result, relations between the two countries have become extremely tense.

Tokto Island is called Take Island by Japan. The island is composed of two east and west islets. It is located in the sea between the ROK and Japan, and has an area of 0.18 square kilometers. No one lived on the island in the past, but the ROK has moved some residents there and has built a heliport. The ROK is now building roads on Tokto Island in order to secure food, beverage, and daily necessities.

The ROK and Japan have respectively claimed their territorial rights over the island for a long time. According to ROK media, Tokto Island has belonged to the ROK since AD 512. Japan also recognized the ROK's territorial right over Tokto Island in 1667. A report titled "Secret Inquiries Into Japan-Korea Diplomatic Relations," which was issued by the Japanese Foreign Ministry in 1896, also clearly specifies that Tokto Island is part of Korean territory.

Japan included Tokto Island in its territorial map in February 1905 and notified the then-Korean Government of its territorial right over the island in April 1906. Japan once occupied Tokto Island in April 1953. However, ROK residents on the island threw Japanese troops out of the island in cooperation with volunteer soldiers there. Since 1954, the Japanese Government has handed over a diplomatic memorandum to the ROK Government annually and has persistently demanded that ROK residents leave Tokto Island, stressing that the island is part of Japanese territory.

The ROK Government has also constantly reaffirmed its territorial right over Tokto Island and has stationed police guards on the island since 1956.

A direct reason for the gradual expansion of the ROK-Japan territorial dispute is that Japan tries to keep Tokto Island in its 200-nautical mile exclusive economic zone while the ROK strongly opposes it. According to Japanese papers, the Japanese Diet is attempting to establish the country's 200-nautical mile exclusive economic zone with a commitment from the International Law of the Sea; the waters around Tokto Island are included in the zone.

Upon hearing this news, the ROK announced that it would resume construction of port facilities on Tokto Island, which was suspended due to budget problems, and has strengthened its guard in the sea off the island. The ROK also conducted a joint Army-Navy-Air Force military exercise near Tokto Island on 15 February, emphasizing its sovereignty over the island.

Through diplomatic channels, the Japanese Government has protested the ROK's plan to build ports and breakwaters on Tokto Island and called for the ROK's immediate withdrawal of this plan. However, it made no comment on the ROK military exercise near Tokto Island.

Meanwhile, the gradual expansion of the ROK-Japan territorial dispute is a serious expression of disputes over some [word indistinct] issues between the two countries. Since they established diplomatic relations in December 1965, both the ROK and Japan have recognized that the sides should establish future-oriented relations.

However, the two countries have considerable historical conflicts. In particular, because of the repeated expression of Japan's opinion on its colonial rule over the Korean peninsula and other Asian countries in the past, ROK-Japan relations have been reduced, and relations between the two have often experienced ups and downs, as well as conflicts.

Japanese Prime Minister Ryutaro Hashimoto and Foreign Minister Yukihiko Ikeda recently delivered speeches stressing that Take Island is originally part of Japanese territory. In response to this, ROK President Kim Yong-sam issued through his spokesman a strongly worded statement. He mentioned that Japan's insistence is absurd and intolerable and denounced Japan for trying to beautify its past acts on every occasion, instead of reflecting on its aggressions and colonial rule in the past. President Kim Yong-sam also directed his cabinet to take strict measures against Japan's acts and has canceled his plan to meet with the Japanese ruling coalition parties' delegation that is supposed to arrive in Seoul soon.

Many ROK people from all walks of life have issued statements or have held protest rallies during the past several days, emphasizing that the ghost of Japanese militarism has not passed and that Japan's aggressive nature still remains.

The territorial dispute over Tokto Island has been exerting a severe negative influence upon ROK-Japan relations. However, it is very unlikely that an armed conflict will take place between the two. Meanwhile, it also appears that it is very difficult for them to solve the issue through negotiations.

Southeast Asia & Pacific

PRC: Thai Government Offers Aid to Yunnan Province

OW1902132296 Beijing XINHUA in English
1257 GMT 19 Feb 96

[FBIS Transcribed Text] Bangkok, February 19 (XINHUA) — The Thai government today offered an emergency aid of 1 million baht (about 40,000 U.S. dollars) to the earthquake-hit area in southwestern China.

Speaking at a ceremony to deliver the aid to the Chinese Embassy in Thailand, Thai Foreign Minister Kasemsamoson Kasemsi said that the Thai government shows deep concern over the Lijiang region in China's Yunnan Province where a strong earthquake on February 3 killed many people and seriously damaged local properties and economy.

Thai Prime Minister Banhan Sinlapa-acha had sent a message to the Chinese government to express sympathy and solicitude for the people in the disaster area, Kasemsamoson said.

The Thai foreign minister said that the Thai government is also arranging other relief goods, including rice and canned foods, for the earthquake-hit area. He hoped that the aid will be helpful for the people there.

Chinese ambassador to Thailand Jin Guihua expressed thanks for the Thai aid, saying that it will play an active role in helping Lijiang people overcome the existing difficulties and restore production.

PRC: Tourism Flourishes on Sino-Vietnamese Border

OW1802134396 Beijing XINHUA in English
1211 GMT 18 Feb 96

[FBIS Transcribed Text] Nanning, February 18 (XINHUA) — Over five million Chinese and foreign tourists have visited areas along the border between China's Guangxi Zhuang Autonomous Region and Viet Nam [spelling as received] over the past five years.

Tourism in that period generated over 400 million yuan (48.19 million US dollars) for Guangxi, in southwest China.

On the Guangxi side of the border, stretching for over 1,000 kilometers, there are numerous tourist attractions including murals on the Huashan Mountain Cliff, the Friendship Pass, the magnificent Detian Waterfall and major cities such as Dongxing and Pingxiang.

Last year alone, over 1.8 million tourists visited Dongxing and 500,000 toured Pingxiang.

Since the normalization of Sino-Vietnamese relations, local governments have given priority to the growth of tourism, developing new tourist spots and raising funds through diversified channels for the construction of infrastructure.

Furthermore, a thriving cross-border trade added to the good prospects of tourism.

Local tourism authorities are offering an increasing number of programs, including cross-border one-day visits and longer tours.

Recently, the Sino-Viet railway resumed traffic after a suspension of 17 years, considerably facilitating cross-border tourism.

Political & Social**PRC: Zhu Rongji Says Taiwan Conflict 'Not Imminent'***AU1902092696 Duesseeldorf HANDELSBLATT in German 12 Feb 96 p 8*

[Report by Rainer Nahrendorf, Christoph Rabe, and Peter Seidlitz on interview with Chinese First Deputy Prime Minister Zhu Rongji; place and date not given: "Beijing Defuses Taiwan Crisis"]

[FBIS Translated Excerpt] Munich, 10-11 February — A military conflict between the PRC and Taiwan is not imminent. This is the assessment presented by China's First Deputy Prime Minister Zhu Rongji in an interview with HANDELSBLATT. "In my view, (Taiwanese President) Li Teng-hui and the Americans, who support him, will not let it come that far." Zhu repeats the principle — which sounds contradictory — that China has always tried to bring about reunification by peaceful means but, at the same time, keeps the option of a military solution open. Zhu: "China has never committed itself to renouncing violence." In the interview, however, Zhu Rongji indicates that Beijing is not interested in escalating the tensions, which might lead to a military conflict.

Harsh Criticism of the United States

Zhu blames Taiwan and the U.S. Administration for the crisis that broke out after the trip to the United States by Taiwanese President Li last year. The fact that the United States received the Taiwanese top politician "like a head of state" is a "gross violation" of the joint Chinese-U.S. statement on Taiwan. Zhu Rongji accuses the Taiwanese president, who wants to run for reelection on 23 March, of separatism: "Li Teng-hui has gone farther and farther along the path of breaking Taiwan out of the Chinese fatherland. By developing activities to create 'one China and one Taiwan' or 'two Chinas,' he has unscrupulously pursued the political goal of Taiwan's independence under the cover of a flexible diplomacy." Zhu describes this mockingly as "dollar diplomacy." Thus, Taiwan offered the United Nations to pay \$1 billion so as to be readmitted to the international organization. "This is an insult to the United Nations." Meanwhile, the Taiwanese president has demanded reconciliation with China. His country's next president must do everything to end the confrontation with China, Li said in Panchio.

Zhu once again points to China's basic position, which President Jiang Zemin explained in an eight-point proposal last year. According to it, the current laws and the current social system could be maintained in Taiwan after a potential reunification along the line of

"one country and two systems." Zhu rejects suspicions that the PRC is carrying out military maneuvers in the Straits of Formosa to purposefully influence the presidential elections in Taiwan. In fact, they are "regular maneuvers." Zhu points out that, during President Li's visit to the United States, Taiwan carried out four large-scale maneuvers. China also considers it a provocation that, recently, the United States let an aircraft carrier of the 7th Fleet pass through the Straits of Formosa. Zhu: "One might ask who is actually demonstrating military power? Who caused the tensions in the Straits of Formosa?"

Beijing's deputy prime minister is particularly disappointed about the new deterioration in the relations between the United States and China, because U.S. President Bill Clinton and PRC President Jiang Zemin had previously affirmed the validity of the One China policy and the basic agreement that U.S. President Nixon had negotiated. As a result, the tensions in relations with the United States had meanwhile "eased to a certain extent and gradually," after they were strained heavily by Li's visit last year.

Zhu links the announcement that, during the second half of this year, the Chinese currency will become partially convertible with the assurance that the financial and monetary system of Hong Kong — the crown colony, which belongs to Great Britain only until the end of June 1997 — will remain untouched when the PRC takes over. "The political, economic, and social system will remain unchanged. This also means that there will be no changes in the financial system," Zhu reassures business in Hong Kong. China's economic czar showed himself well informed about the discussion on whether the coupling of the Hong Kong dollar to the U.S. dollar should be maintained after China takes over. "The central government will not intervene in any case. Which monetary and financial policy is pursued in Hong Kong is the business of the special administrative zone's government. I would like to stress emphatically that Hong Kong's monetary policy and the position of the Hong Kong dollar will remain unchanged." Nor is Beijing thinking of touching Hong Kong's revenues: "The central government will not levy taxes in Hong Kong." Hong Kong will be administered by the people of Hong Kong.

Zhu Rongji also tried to dispel the concerns of German industry about rising cost and untransparent regulations regarding investments. Even though he confirmed that tax and customs privileges for the import of investment goods, equipment, and raw materials for joint ventures will be abolished as of 1 April, for the first time, he referred in detail to exceptions. "If they are particularly

important projects, the Chinese State Council is still authorized to grant companies tax and customs privileges."

The deputy prime minister makes it unambiguously clear that he advocates central decisionmaking processes and does not intend to permit — as was the case at the beginning of the 1990's — that the provinces get greater independence in tax policy, for instance, and could thus undermine the central government's strategy. "Of course, only the central government and the prime minister are authorized to decide about special regulations for new projects." Regarding this, Zhu thinks, above all, of major infrastructure projects, high and new technology projects, that push the country's development ahead. "I assume that the changed policy will not have major effects on the investment activities of foreign companies."

He justified his optimism by pointing out that China remains attractive to foreign investors because of great reductions of customs duties. "The foreign businessmen need not worry."

Zhu admitted that the companies are now under pressure of time because of 1 April, when tax and customs privileges will be largely abolished. Only contracts that are signed before this date fall under the old tax regulation. According to Zhu, the Chinese authorities are, however, trying to cope with the flood of applications by means of accelerated approval procedures. The approval procedures are being drastically shortened. "We still have about two months until April. Until then, all contacts will have been concluded that need to be signed."

In order to fulfill the requirements of GATT and the WTO [World Trade Organization], China has already reduced its customs duties considerably. While the average customs rate was more than 40 percent over the past years, it is to be reduced to 35.9 percent at first. On 1 April it will be reduced to 23 percent. Furthermore, for the first time, Zhu announced that further customs reductions are to be expected until the average level of developing countries has been reached. All steps of tax and customs law have been taken to introduce a standardized and unified customs system in China and to live up to international standards. Zhu primarily wants to put the Chinese state companies, which have a higher tax burden, on an equal footing with the foreign companies.

With his reassuring statements, Zhu, whose hotel suite in Munich was a meeting place for top representatives of German industry, tries to dispel the uncertainty that has emerged among German businessmen. Automobile companies are worried by the lack of loans and financial funds, in addition to customs and tax problems. The

German companies made this quite clear on the weekend. [passage omitted on Zhu's talks with entrepreneurs]

In Zhu's opinion, the loan agreement about financing the second stage of construction of the subway in Shanghai, which was concluded in Bonn, is a "sign that we should raise cooperation in expanding Chinese infrastructure, in high technology, and in other fields, to an even higher level." The exchange of views with Chancellor Helmut Kohl about the German model for vocational training, which China would be interested to transfer to its own country, was particularly intensive. Zhu was obviously trying to give special praise to the chancellor, who has unerringly stuck to his policy toward China also in difficult times. "I would like to point out in particular that the chancellor has played an important role in developing friendship and cooperation with China."

PRC: Jiang Zemin Said Seeking To Preserve Political Power

OW1702095796 Hong Kong EASTERN EXPRESS
in English 17-18 Feb 96 p 1

[FBIS Translated Text] President Jiang Zemin has embarked on an aggressive political programme to stamp his authority on China's fractious politics ahead of the next Communist Party Central Committee meeting.

Propaganda chiefs in Beijing, Shanghai and Tianjin municipalities and Jilin and Sichuan provinces have offered Jiang their support in disseminating his programme.

General Chi Haotian and the Propaganda Minister Ding Guangen have also offered their personal support.

A central plank of the four-pronged political offensive is combatting "economism".

The drive is an oblique but determined attack on the policies of the paramount leader Deng Xiaoping.

Other main points focus on renewed attacks on the west, which is attempting to "Westernise" and "split" China and bring down the Chinese Communist Party, according to Jiang, the Communist Party chairman, state president and chairman of the Central Military Commission.

Buoyed by having survived seven years after the Tiananmen Square democracy movement, Jiang's combative programme has singled out eight different issues which were "evidence" of a concerted campaign by the West to destabilise China.

Criticizing China's nuclear testing programme was a key issue in the plot to "Westernise China", in a sign of hardening attitudes towards anti-nuclear campaigners.

China is the only nuclear state still committed to a nuclear testing programme after France stopped testing in January.

Religion, principally Christianity, was another key weapon the West intended to use to destabilise Communist Party rule, signalling continuing high levels of repression of non-state church activity in China.

The West will also attempt to weaken China by exploiting ethnic tensions among China's 56 officially recognised ethnic communities the programme warns.

Accusations of growing militarism in China were also singled out as evidence of an anti-China plot, in remarks carried in the latest issue of China-backed WIDE ANGLE [KUANG CHIAO CHING] magazine.

The main goal of Jiang's push, however, was to preserve his own political power, the report said, in a sign of continuing tensions among the top leadership.

A crucial speech delivered in secret during the last Central Committee meeting of the Communist Party in October 1995 formed the core of Jiang's political philosophy, the report said.

The speech, which instructed all top Communist Party members to "stress politics", was published in the party flagship PEOPLE'S DAILY [RENMIN RIBAO] newspaper in mid-January.

The Communist Party will hold its 15th session later this year.

Most likely, it will convene in the autumn.

Jiang's "ruling political ideology" and basis of his political offensive is a drive to offer only, limited support for economic reform while simultaneously taking steps to combat the "flood of economism" which was sweeping China, the report said.

This can only be achieved by reinforcing the power of the party centre, Jiang believes, with himself at its core.

He will fight to carry the programme through to the 15th Party Congress, where it will be regarded as a significant achievement if, as Jiang intends, it provides the basis of intra-party discussion.

The issue of Hong Kong has been settled with the formation of the Preparatory Committee and the People's Liberation Army garrison, which will ensure China's sovereignty over Hong Kong after the British withdrawal, Jiang believes.

Despite this, dealing with the next big issue on China's political agenda — unification with Taiwan — could only be achieved with "sufficient political power at the

center," or a retrenchment of Jiang's role as the Deng-designated core leader, the report said.

PRC: Jiang Zemin Addresses Spring Festival Forum

OW1702152396 Beijing XINHUA Domestic Service in Chinese 1448 GMT 16 Feb 96

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391), RENMIN RIBAO reporter He Jiazheng (0149 0502 2973), and XINHUA reporter Chen Yan (7115 7159)]

[FBIS Translated Text] Beijing, 16 Feb (XINHUA) — As the Spring Festival draws near, the CPC Central Committee invited personalities outside the party to a Spring Festival forum in Zhongnanhai this afternoon. Jiang Zemin, Li Ruihuan, Hu Jintao, and other party and government leaders happily got together with senior officials of the democratic parties, the All-China Federation of Industry and Commerce, and celebrities without party affiliation to discuss state affairs and greet the festival.

On behalf of the CPC Central Committee and the State Council, Jiang Zemin, CPC Central Committee general secretary and president, extended Spring Festival greetings to the democratic parties and the federation of industry and commerce, as well as to celebrities without party affiliation, wishing them a happy holiday. He said: For a long time, comrades and friends of the democratic parties and the federation of industry and commerce, as well as personalities without party affiliation, have utilized their talents and specialties in participating in administering and discussing state affairs and exercising the functions of democratic supervision, making substantial contributions to Chinese political life. They have also scored notable achievements and exerted extensive influence in promoting economic construction; offering scientific and technological consultation; managing adult education; providing intellectual assistance to poor and frontier areas; importing capital, technology, and talented personnel; and in facilitating the reunification of the motherland. In the coming new year, we sincerely hope comrades of the democratic parties and the federation of industry and commerce, as well as personalities without party affiliation, will continue to offer valuable suggestions and ideas in close conjunction with the overall situation in the work of the party and the country, thereby further contributing to reform, opening up, and the modernization drive.

The forum was officiated by Li Ruihuan, CPC Central Committee Political Bureau Standing Committee member and Chinese People's Political Consultative Conference [CPPCC] National Committee chairman. He said:

In the past year, China, guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, and led by the CPC Central Committee with Comrade Jiang Zemin as the core, made progress and achieved great successes in reform, opening up, and the modernization drive. These achievements also epitomize the hard efforts and contributions of the democratic parties and the federation of industry and commerce, as well as personalities from various circles. He pointed out: The Ninth Five-Year Plan and the Long-Term Target for the Year 2010, to be submitted to the upcoming Fourth Session of the Eighth National People's Congress, embodies the fundamental interests of all Chinese people and reflects the common aspiration of people in all walks of life. In realizing the magnificent goal, we are facing both favorable conditions and difficulties, opportunities and challenges. The unremitting efforts of the ruling parties, as well as active participation of parties taking part in the administration, are essential to overcoming difficulties and winning victories. It is hoped that the democratic parties, the federation of industry and commerce, and personalities without party affiliation will earnestly carry out the functions of political consultation, democratic supervision, and participation in administering and discussing state affairs, and work to realize the cross-century blueprints.

Then, Fei Xiaotong, chairman of the Democratic League Central Committee; Wu Jieping, chairman of the Juusan Society Central Committee; Wan Guoquan, executive vice chairman of the Democratic National Construction Association Central Committee; Lei Jieqiong, chairwoman of the Association for Promoting Democracy Central Committee; Peng Qingyuan, executive vice chairman of the Revolutionary Committee of the Chinese Kuomintang; Cai Zimin, chairman of the Taiwan Democratic Self-Government League; Fang Rongxin, executive vice chairman of the Peasants' and Workers' Democratic Party Central Committee; Yang Jike, executive vice chairman of the Zhi Gong Dang Central Committee; Cheng Siyuan, personality without party affiliation; and Jing Shuping, chairman of the federation of industry and commerce, took the floor.

In their speeches, they said: In 1995, China, under the CPC's leadership, scored gratifying achievements in various fields. The smooth completion of the Eighth Five-Year Plan has laid a solid foundation for the Ninth Five-Year Plan and China's development in the coming 15 years. The country enjoys economic growth and social stability; the situation as a whole is good; the mainstream of society is healthy; and existing problems are those that occur in the course of advancement, and they can be overcome. The speakers were full of confidence

about the fulfillment of various tasks for 1996. Based on firsthand information obtained during their investigative and study tours, they discussed progress in reform and opening up, and proposed positive suggestions and views concerning reform and opening up, economic and social development, reunification of the motherland, building a spiritual civilization, and improving the legal system. They pledged to give fuller play to the role of parties participating in the administration, to persist in and perfect the system of multi-party cooperation and political consultation led by the CPC, to closely rally around the CPC Central Committee, and to make even greater contributions to realizing the Ninth Five-Year Plan and the long-term target for 2010.

After listening attentively to speeches, Jiang Zemin briefed the forum's participants about last year's work situation, as well as about arrangements for this year's work.

Discussing last year's work situation, he said: Last year China saw significant achievements in reform and development. Led by the CPC Central Committee and guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, the Chinese people of all nationalities continued adhering to the guiding principles of "seizing opportunities, deepening reform, opening up wider, promoting development, and maintaining stability." They comprehensively fulfilled the main tasks of the Eighth Five-Year Plan and realized the magnificent goal of quadrupling the gross national product ahead of time, thereby laying a solid foundation for formulating and implementing the Ninth Five-Year Plan and the long-term target for 2010.

He pointed out: Last year, China took solid steps toward establishing a socialist market economic structure. The reform of state enterprises was pressed ahead step by step; experiments with establishing a modern enterprise system were in full swing; financial and banking operations were basically stable; and the pace of reforming the distribution system and cultivating the market was expedited. The national economy developed in a sustained, rapid, and healthy way; marked progress were made in curbing inflation; and the living standards of urban and rural residents improved further. Fresh progress was achieved in building a socialist spiritual civilization and improving the socialist democracy and the legal system. Efforts to improve the party's work style and promote clean government were intensified, and the anticorruption drive yielded notable results. China conducted lively, effective work dealing with foreign countries.

He said: Of course, it was not entirely smooth sailing on the road of advancement; quite a few problems still

exist in our work. For example, agriculture as the foundation of the national economy is rather weak; many state enterprises have not yet overcome difficulties in production and management; some localities have witnessed poor public security and evil social practices; price increases, despite some decreases, are still high; and the anticorruption drive continues to face formidable tasks. We are clearly aware of these problems and are making vigorous efforts to solve them step by step.

Turning to arrangements for this year's work, he said: This is the first year of the Ninth Five-Year Plan, as well as the take-off year for realizing the fighting goal in the coming 15 years. Therefore, this year's work is very important. The overall requirements are: adhering to the party's basic theory, line, and principles; comprehensively implementing the guidelines of the Third, Fourth, and Fifth Plenary Sessions of the 14th CPC Central Committee; correctly handling the relationship between reform, development, and stability; further deepening reform and opening up wider; conscientiously carrying out the strategy of revitalizing China through science and education; actively effecting the shift of the economic system [from the traditional planned economy to a socialist market economy] and the shift of economic growth mode; promoting the sustained, rapid, healthy development of the national economy; effectively strengthening party building, the building of socialist spiritual civilization, and democracy and the legal system; maintaining social stability; promoting all-around progress in society; and laying a good foundation for realizing the Ninth Five-Year Plan in all fields.

He said: To fulfill this year's tasks in a comprehensive way, we must unify thinking, work with one heart and one mind, exert ourselves to seek improvement, and pay close attention to actual results. In achieving unity in thinking under the condition of penetrating changes in the global structure and of fundamental changes in the Chinese economic system, we must truly unify the thinking of the entire party membership and the people across the country on the basis of the party's basic theory and line and the central committee's analysis of the situation and work arrangements. We must take unified action on major issues. In working with one heart and one mind, we must further enhance the unity of all party members and the people of all nationalities across the country as well as the unity of leading bodies at all levels under the great banner of building socialism with Chinese characteristics, and must fully harness the enthusiasm, initiative, and creativity of cadres and the masses in working with one heart and one mind to score still more achievements. In exerting ourselves to seek improvement, we must heighten our spirits, rely on ourselves, work hard, explore boldly and practice,

overcome difficulties, and open up a new situation in our work. In paying close attention to actual results, we must carry forward the fine work style of seeking truth from facts and adhering to the mass line, improve work style, get rid of bureaucratism and formalism, and effectively promote the work in all fields.

Jiang Zemin emphasized: This year, we should pay close attention to work in the following eight fields: (1) We should actively effect a shift of the economic system and the economic growth mode and maintain the sustained, rapid, healthy development of the national economy. (2) We should energetically promote and effectively publicize the building of a socialist spiritual civilization. (3) We should improve the socialist democracy and the legal system and resolutely safeguard social stability. We should continue to perfect the system of people's congresses, expedite the pace of legislation in keeping with the development of a socialist market economy, and reinforce the comprehensive management of society. (4) We should consolidate and develop the broadest patriotic united front and actively promote the reunification of the motherland. (5) We should strive to expand relations with foreign countries and further open up a new situation in diplomatic work. (6) We should intensify party building and forge closer relations between the party and the masses. We should build up the party ideologically and politically; effectively carry out organizational work in various fields; improve the party's work style and promote clean government; carry out the anticorruption drive in a thoroughgoing, sustained way; and go all out to propagate the party's fine tradition and work style. (7) We should further turn the Army into a modernized, revolutionary regular armed force, and should modernize national defense. (8) We should arm the entire party membership with and educate the people in Comrade Deng Xiaoping theory of building socialism with Chinese characteristics. All party members should further enhance their consciousness in studying the theory, and should continuously deepen their study, research, and propaganda of the theory.

In conclusion, Jiang Zemin said: A united front is a major weapon of our revolution and construction; herein lies our powerful political strength. A united front played an important role during the period of the democratic revolution. Today, as we build socialism with Chinese characteristics and carry out the great undertaking of the motherland's reunification, we should use these magical weapons even more. The democratic parties' close cooperation with the CPC over the years fully testifies to the strong vitality of the multiparty cooperation led by the CPC. We should conduct extensive publicity to enable people inside and outside the country to understand multiparty cooperation as a special

feature and strength of China's political system. We should constantly develop and perfect the system of multiparty cooperation so that it can play a more effective role in building socialism with Chinese characteristics. Last year, party committees at all levels, their united front work departments, and the democratic parties worked energetically and scored gratifying achievements in institutionalizing and standardizing the system of multiparty cooperation. This year, party committees at all levels and the democratic parties should make further efforts by jointly summing up experiences, studying problems, improving measures, and pressing ahead in the work of persisting in and perfecting the system of multiparty cooperation led by the CPC.

Other senior officials of the democratic party central committees and the federation of industry and commerce who attended the forum were Sun Qimeng, Wang Guangying, Qian Weichang, Sun Fuling, He Luli, Ding Shisun, Feng Tiyun, Chen Shunli, Xu Caidong, Zhang Kehui, and Zhang Xuwu.

Zou Jihua, CPC Central Committee Political Bureau member and State Council vice premier; Wang Zhaoguo, vice chairman of the CPPCC National Committee and director of the CPC Central Committee United Front Work Department; and Zeng Qinghong, director of the CPC Central Committee General Office, were present at the forum.

After the forum, Jiang Zemin, Li Ruihuan, Hu Jintao, and other leading comrades had dinner with the forum participants.

PRC: Jiang Zemin Addresses Nonparty Members on 1996 Work

OW1602162396 Beijing XINHUA in English
1532 GMT 16 Feb 96

[FBIS Transcribed Text] Beijing, February 16 (XINHUA) — Top Chinese leader Jiang Zemin conveyed greetings to the leading members of the non-communist parties and prominent figures from various circles at a Spring Festival gathering here this afternoon on behalf of the Central Committee of the Communist Party of China (CPC) and the State Council.

Other senior officials who attended the gathering were Li Ruihuan, member of the Standing Committee of the Political Bureau of the CPC Central Committee and Chairman of the Chinese People's Political Consultative Conference (CPPCC), and Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC Central Committee.

Jiang, general secretary of the CPC Central Committee and president of the People's Republic of China,

expressed the hope that the representatives of the non-communist parties would enjoy a happy Spring Festival.

He pointed out that for a long time they have played an important and active role in the country's political life as well as in economic construction, scientific and technological consultation, after-work education, poverty-relief projects, investment and talent introduction, and promotion of China's reunification.

Jiang hoped that they will continue to make good suggestions for the Party and the government, and make even greater contributions to the country's modernization, and the policy of opening up and reform under the leadership of the CPC Central Committee.

At the meeting some leading members of the non-Communist parties also made speeches to convey their festival greetings to the leaders of the CPC Central Committee.

After listening to the speeches, Jiang Zemin made a speech reviewing last year's work and outlining the work for 1996.

Jiang said 1995 was a year when China made major achievements in reforms and development.

China has completed the major tasks planned for 1991-1995 and fulfilled the great task of quadrupling the country's gross national product (GNP) of 1980 five years ahead of schedule, he said.

Jiang pointed out that China took a firm step forward in 1995 in its economic reform in the direction of establishing a socialist market economy.

He went on to say that the reform of state-owned enterprises has been pushed forward step by step and the pilot work of establishing a modern enterprise system is well under way.

The CPC general secretary said the operation of finance and banking sectors remained stable and the reform of the circulation and market systems has been stepped up.

The national economy developed in a sustained, rapid and healthy way, and marked progress was made in controlling inflation, Jiang said.

The standards of living of both urban and rural people have been further improved, he added.

Jiang said that further achievements were made in advancing socialist culture and ideology and improving socialist democracy and legal system.

Sustained efforts were made to improve the Party's work style and build a clean government, he said.

Noticeable progress was achieved last year in the anti-corruption campaign, Jiang added.

China's diplomatic work was active and fruitful, he said.

He admitted that there are still many difficulties and problems, such as the weak foundation of agriculture, the difficult situation facing a large number of state-owned enterprises, the poor public security situation in some areas, a somewhat high inflation rate and the arduous task of fighting corruption.

He said, "We have had a sober understanding of the difficulties and problems and great attention is being devoted to solving the difficulties and problems step by step."

On the work for 1996, Jiang stressed that the country should do a good job in the following eight areas:

- Vigorously promoting the transformation of the economic structure and way of economic growth, and maintaining sustained, rapid and healthy development of national economy;

- Energetically pushing forward the advancing of socialist culture and ideology and doing a good job of publicity work.

- Stepping up socialist democracy and legal system construction and firmly safeguarding social stability;

The people's congress system should be improved to accelerate the pace of establishing a legal system required by the development of the socialist market economy; and the tackling of public security problems in a comprehensive way should be further enhanced.

- Consolidating and expanding the patriotic united front in all possible ways and actively pushing for the reunification of the motherland;

- Trying hard to expand foreign relations and open up new prospects for diplomatic work;

- Strengthening Party building and further cementing the relations between the Party and the general public;

- Further revolutionizing, modernizing and regularizing the armed forces and raising the modernization level of the national defense; and

- Continuing to arm the whole Party and educate the general public with Deng Xiaoping's theory of building socialism with Chinese characteristics.

Jiang ended his speech by emphasizing the importance of the united front work, and promised to continue to push forward the multi-party co-operation under the leadership of the CPC.

PRC: Li Peng Speaks at New Year's Meeting in Great Hall

OW1802125396 Beijing XINHUA Domestic Service in Chinese 0951 GMT 18 Feb 96

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973), XINHUA reporters Zhu Youdi (2612 1635 2769) and Chen Yan (7115 7159)]

[FBIS Translated Text] Beijing, 18 Feb (XINHUA) — This morning, the CPC Central Committee and the State Council held a spring festival gathering at the Great Hall of the People. The party and state leaders joined more than 4,000 people from all walks of life in the capital in celebrating the traditional festival of the Chinese people and greeting the coming of the new year.

At 1000, Jiang Zemin, Li Peng, Zhu Rongji, Liu Huaqing, Hu Jintao and other comrades stepped into the banquet hall of the Great Hall of the People amid the merry music. At that moment, warm applause broke out in the hall.

Decorated with colorful lanterns and flowers, the Great Hall of the People was filled with a festive atmosphere. Party and state leaders and responsible people of various central departments of the party, the government, and the armed forces; retired old comrades; responsible people of various democratic parties and the All-China Federation of Industry and Commerce; patriots without party affiliation; representatives of minority nationalities; domestic and foreign experts; scholars; and representatives of various social circles in the capital talked cordially with each other and exchanged new year's greetings.

Jiang Zemin, general secretary of the CPC Central Committee, president of the PRC, and chairman of the Central Military Commission, presided over the new year's gathering. On behalf of the CPC Central Committee and the State Council, he extended new year's congratulations to participants at the gathering; extended cordial greetings to workers, peasants, intellectuals, and cadres of all nationalities in the country and to officers and men of the People's Liberation Army, the armed police force, and police officers of the public security organs; expressed best wishes to all democratic parties, the national federation of industry and commerce, and patriots without party affiliation; extended sincere festival greetings to Taiwan compatriots, Hong Kong and Macao compatriots, and overseas Chinese; and expressed heartfelt gratitude to international friends who care about, support, and help our country's modernization drive.

Li Peng, member of the CPC Central Political Bureau and premier of the State Council, delivered a speech. He said: In 1995, the Chinese people continued pushing

forward on the road of building socialism with Chinese characteristics and fresh achievements were scored in all fields of work. The national economy grew by 10.2 percent over the previous year; the rate of price increases dropped from 21.7 percent to 14.8 percent. Thus, the target of maintaining rather rapid economic growth while lowering the rate of price increases as set forth at the beginning of the year was achieved. In agriculture, through overcoming rather serious natural disasters caused by floods and drought, we reaped good harvests of major crops. By the end of 1995, the Eighth Five-Year Plan for National Economic and Social Development was successfully fulfilled. The objective of quadrupling the 1980 gross national product by the year 2000 was achieved five years ahead of time.

Li Peng said: A major event in China's social and political life in 1995 was the approval of the "CPC Central Committee's Proposal Concerning the Formulation of the Ninth Five-Year Plan (1996-2000) for National Economic and Social Development and the Long-term Target for the Year 2010" at the Fifth Plenary Session of the 14th CPC Central Committee. The proposal formulates the guiding principles and major tasks to accomplish the second strategic objective in an all-around way, while advancing towards the third strategic objective. Although there will still be many problems and difficulties in the course of advances, we firmly believe that under the leadership of the CPC, with concerted efforts made by the entire people of all nationalities in our country, through concentrating on the central task of economic construction and consistently pursuing the four cardinal principles and continuing to carry out reform and open up to the outside world, we will certainly be able to realize the grand transcentury blueprint of the Chinese nation.

He said: This year is the first year of the Ninth Five-Year Plan. It is important to have a good beginning. We should continue pursuing the basic guideline of "seizing the opportunities, deepening reforms, opening wider to the outside world, promoting economic development, and maintaining stability;" properly handle the relationship of reform, development, and stability; make efforts to promote changes in the economic structure and in the mode of economic growth; and bring about a new situation in all fields of our work. In the new year, we should continue to firmly carry out the principle of "using both hands to do our work, with both hands being tough" and give more explicit prominence to the building of spiritual civilization and to the development of democracy and the legal system. The anticorruption struggle should be carried out more intensively and more effectively year after year. In the new year, party organizations and governments at all levels should give prominence to the

work of maintaining law and order, make great efforts to conduct comprehensive management over public security, adopt more effective measures to deal severe blows at criminal activities, strive to maintain social stability, and guarantee that the masses will enjoy a happy and safe living and working environment.

Li Peng said: At the moment of celebrating the spring festival, we think more deeply of the Hong Kong and Macao compatriots and Taiwan compatriots. Now, there are less than 500 days before the government of our country resumes the exercise of sovereignty over Hong Kong. The Preparatory Committee of the Hong Kong Special Administrative Region has been set up, and the preparatory work in all fields has entered the stage of crucial importance. We believe that with the support of Hong Kong's people of all circles and with their efforts, the Preparatory Committee will certainly be able to smoothly fulfill its glorious and sacred historical mission. Taiwan is an unalienable part of China's sacred territory. President Jiang Zemin's eight-point propositions on the development of relations across the Taiwan Straits and the promotion of the reunification of the motherland have won support from people both at home and abroad. An early termination [zao ri jie shu 2483 2480 4814 2631] to the separation of the two sides across the Taiwan Straits is a trend of the times and the desire of the people. The Chinese people are confident and capable of maintaining state sovereignty and territorial integrity. Any attempt to create "two Chinas", "one China, one Taiwan," or "Taiwan independence" is sure to be opposed by the entire Chinese people, including Taiwan compatriots, and is doomed to failure.

He said: In the new year, we will, as usual, continue to develop friendly and cooperative relations with all countries on the basis of the five principles of peaceful coexistence, continue to oppose hegemonism, safeguard world peace, and promote the building of a fair and reasonable new international political and economic order. The Chinese Government and the Chinese people are willing to join the governments and people of all countries in promoting peace, stability, and prosperity and will make unremitting efforts for the building of a better new world.

Finally, Li Peng said: At present, the general principles and policies of reform and development have been established, and the key lies in the conscientious implementation of such principles and policies. Let us follow the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, closely rally around the party central committee with Comrade Jiang Zemin as the core, work hard, spare no effort, and

strive to make new progress in 1996 in all fields of our work.

Leading comrades and old comrades attending the gathering included Ding Guangen, Li Lanqing, Li Tieying, Yang Baibing, Qian Qichen, Wei Jianxing, Wen Jiabao, Wang Hanbin, Song Ping, Zhang Zhen, Zhang Wannian, Chi Haotian, Ren Jianxin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Li Ximing, Wang Guangying, Cheng Siyuan, Buhe, Wu Jieping, Song Jian, Li Guixian, Chen Junsheng, Peng Peiyun, Luo Gan, Wang Zhaoguo, Hong Xuezhi, Qian Weichang, Hu Sheng, Qian Zhengying, Sun Fuling, Zhu Guangya, Wan Guoquan, Wang Ping, Liu Lantao, Li Desheng, Xiao Ke, Zhang Jingfu, Chen Xilian, Duan Junyi, Ji Pengfei, Huang Hua, Yan Jici, Gu Mu, Ma Wenrui, Lu Zhengcao, Wang Feng, and Zheng Tianxiang.

PRC: Deng Asks Jiang Zemin To Convey Spring Festival Greetings

OW1702100496 Beijing XINHUA in English
0952 GMT 17 Feb 96

["Deng Xiaoping Extends Festival Greetings to Chinese People" — XINHUA headline]

[FBIS Transcribed Text] Beijing, February 17 (XINHUA) — Retired senior leader Deng Xiaoping has given his new year greetings to the people of China.

Deng and other retired leaders asked Jiang Zemin and other Chinese leaders to convey their Spring Festival greetings and best wishes to the Chinese people of all ethnic groups.

Deng and other retired leaders said that they felt happy from bottom of their hearts that the nation has made great achievements in the reform and opening-up, as well as the socialist modernization process, under the leadership of the Chinese Communist Party Central Committee with Jiang Zemin as its core.

They made the remarks when President Jiang Zemin and other Chinese leaders called on them before the Spring Festival, which falls on February 19.

Jiang and other leaders, on behalf of the Party Central Committee and various ethnic groups of the Chinese nation, expressed cordial festival greetings to Deng and other retired leaders, wishing them a happy Spring Festival and healthy and longevity.

Together with Jiang were Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao.

They called on Deng Xiaoping, Peng Zhen, Yang Shangkun, Wan Li, Song Ping, Bo Yibo, and Song Renqiong, respectively.

Dozens of other retired officials were visited by a group of other leaders entrusted by the Party Central Committee, the Standing Committee of the National People's Congress, the State Council, the National Committee of the Chinese People's Political Consultative Conference, and the Central Military Commission.

PRC: Li Peng's Spring Festival Speech Highlights New 5-Year Plan

OW1802085196 Beijing XINHUA in English
0837 GMT 18 Feb 96

[FBIS Transcribed Text] Beijing, February 18 (XINHUA) — China's famous Great Hall of the People in Beijing was today the setting for a 4,000-people gathering hosted by the Communist Party of China (CPC) Central Committee and the State Council for the Spring Festival, the Chinese lunar new year, which falls tomorrow.

Presiding over the gathering was General Secretary of the CPC Central Committee Jiang Zemin, who is also the Chinese president and chairman of the Central Military Commission.

He extended festival greetings to all participants on behalf of the CPC Central Committee and the State Council.

Chinese Premier Li Peng, who is also a member of the Standing Committee of the Political Bureau of the CPC Central Committee, made an important speech.

He said that in 1995, Chinese people continued pushing forward on the road of building socialism with Chinese characteristics and fresh achievements were scored in all fields of work. By the end of 1995, he noted, the Eighth Five-Year Plan (1991-1995) was fulfilled and the 1980 gross national product (GNP) was quadrupled five years ahead of schedule.

Li said that a major event in China's social and political life in 1995 was the approval of the "CPC Central Committee's Proposal Concerning the Formulation of the Ninth Five-Year Plan (1996-2000) for National Economic and Social Development and the Long-term Target for the Year 2010" at the Fifth Plenary Session of the 14th CPC Central Committee. The proposal formulates the guiding principles and major tasks to accomplish the second strategic objective in an all-round way, while advancing towards the third strategic objective.

Li Peng said that 1996 is the first year of the Ninth Five-Year Plan (1996-2000), and "it is important to have a good beginning".

He added, "we should properly handle the relationship of reform, development, and stability," trying to make new progress in all fields of work.

Priority will be given to the promotion of cultural and ideological progress and democracy and legal system, accelerating the anti-corruption drive and severely punishing those involved in major cases.

Party organizations and governments at all levels should concentrate their efforts on maintaining social security, severely cracking down on criminal activities, and providing people with a good social environment.

He said that it will be less than 500 days before China resumes the exercise of its sovereignty over Hong Kong.

The establishment of the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) signals that various preparatory work for the SAR has entered its key period, he said.

"We believe that with the support from and efforts by the people in every sector of Hong Kong, the Preparatory Committee will surely fulfill its glorious historic mission."

Reaffirming that Taiwan is an inalienable part of China's territory, Li noted that President Jiang Zemin's eight-point propositions on the development of relations across the Taiwan Straits and the promotion of the reunification of the Motherland have won support from people both at home and abroad. An early termination to the separation of the two sides across the Taiwan Straits is a trend of the times and a desire of the people, he said.

The Chinese people are confident and capable of maintaining state sovereignty and territorial integrity, he said.

"Any attempt to create 'two Chinas', 'one China, one Taiwan' or 'Taiwan independence' is sure to be opposed by all the Chinese people, including Taiwan compatriots, and is doomed to failure."

He pledged, "we will firmly carry out the principle of 'peaceful reunification and one country, two systems', and promote the reunification of the motherland free of any interference".

He also hoped that compatriots both at home and abroad get united and make concerted efforts for the complete reunification of the motherland.

Finally he emphasized that the Chinese government and people, together with all governments and people in the world, will make untiring efforts to promote peace, stability and prosperity and build a better world.

Performances were also given at the gathering by artists.

PRC: Li Peng Speaks at Spring Festival Gathering
OW1802133496 Beijing XINHUA Domestic Service in Chinese 1018 GMT 18 Feb 96

[Speech by PRC Premier Li Peng at a Spring Festival party in Beijing on 18 February]

[FBIS Translated Text] Comrades and friends!

At a time when everything looks fresh in spring, we are very happily gathered in the magnificent Great Hall of the People to celebrate the 1996 Spring Festival, to talk freely about affairs of state, and to renew friendships.

In the past year, the whole people scored new achievements in all fields of endeavor by continuing to advance along the road of building socialism with Chinese characteristics. The national economy grew by 10.2 percent over the previous year. The margin of price rises dropped from 21.7 percent to 14.8 percent. We succeeded in lowering the rate of price rises and at the same time in maintaining a fairly fast economic growth rate. We succeeded in realizing our control target for the beginning of the year. Comparatively good harvests were reaped in major farm products after overcoming fairly serious flooding and drought. The industrial structure was adjusted, and the growth rate of the state-owned economy was heightened. Development in the central and western parts of the country was accelerated. China's foreign trade reached \$280 billion, an increase of 18.6 percent. Actual foreign investment came to \$38 billion, while the investment structure improved to some extent. The nation's foreign exchange reserves increased considerably, while the exchange rate of the renminbi was stable. The reform of the economic structure progressed steadily and experiments in establishing a modern enterprise system were carried out in an all-around way. Bank savings deposits by urban and rural people increased, while their material and cultural living conditions continued to improve. Science, technology, education, culture, and other social undertakings developed in an all-around way. Marked results were made in the anticorruption struggle, and the building of a clean and industrious government was strengthened. New progress was made in the building of a socialist spiritual civilization and the building of the democratic legal system. Political stability and unity were further strengthened. By the end of 1995, the Eighth Five-Year Plan for national economic and social development was successfully fulfilled, and the goal of quadrupling the gross national product of 1980 by the year 2000 was fulfilled five years ahead of schedule.

A major event in China's social and political life in 1995 was the approval of the "CPC Central Committee's Proposal Concerning the Formulation of the Ninth Five-

Year Plan for National Economic and Social Development and the Long-Term Target for the Year 2010" at the Fifth Plenary Session of the 14th CPC Central Committee. The proposal put forward the guiding principles and major tasks to accomplish the second-step strategic objective in an all-around way, while advancing toward the third-step strategic objective, and mapped out the prospects for modernization construction in China by the end of this century and early in the next century. By the end of this century, China's per capita income will quadruple the 1980 figure, although China's population will have increased by 300 million over the 1980 figure; the people will be able to have a moderately comfortable standard of living, and a socialist market economy will have been initially established. By the year 2010, China's per capita income will double the 2000 figure. This will enable people to lead an even more comfortable life and a more complete socialist market economic structure will have been formed. When the above goals are achieved, social productive forces, national strength, and the people's living conditions in China will move up to a new level. Although there are still numerous difficulties and problems on our road of advance, we are convinced that we will be able to realize the transcentury grand blueprint of the Chinese nation by relying on the unity of the people of all nationalities across the country, focusing on the central task of economic construction, upholding the four cardinal principles, and adhering to the reform and open-up policy under the leadership of the CPC.

Comrades and friends!

This is the first year of the Ninth Five-Year Plan, and it is very important to have a good beginning. We must "seize the current opportunity, deepen reform, open China wider to the outside world, promote development, and maintain stability;" correctly handle the relationship among reform, development, and stability; and actively push forward transformation of the economic structure and economic growth mode so as to make new progress in all fields of work. We should continue to lower the margin of price rises so as to promote the sustained, rapid, and healthy development of the national economy. We should adopt effective measures to ensure a bumper harvest. We should make vigorous efforts to promote the reform and development of state-owned enterprises and strive for breakthroughs in some key areas and difficult problems. We should continue to strengthen and improve macroeconomic control and to pursue a properly tight fiscal and monetary policy. We should strengthen economic exchanges and cooperation with foreign countries and strive to enhance efficiency in opening to the outside world. Great efforts should be made to improve the economic order, crack down

on economic crimes, and standardize market activities. We should conscientiously carry out the strategy of invigorating the country through science and technology and of bringing about a sustained development, speed up scientific and technological advances, and give priority to developing education to promote the coordinated development of the economy and society.

In the new year, we must continue to firmly and unshakably implement the principle of "using both hands to do our work with both hands being tough," and put the building of the spiritual civilization, democracy, and the legal system in a more prominent position. We must unremittably use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to educate all cadres and people, strengthen propaganda and ideological work and cultural construction, and provide reform and construction with spiritual motive power and the support of public opinion. We must make greater efforts to carry out the struggle against corruption, firmly and properly grasp honesty and self-discipline by leading cadres, investigate and severely deal with serious and major cases, resolutely correct unhealthy trends about which the masses have strongly complained, and bring about fruitful results in the struggle against corruption each year. Safeguarding social order is the urgent desire of the broad masses of cadres and people. In the new year, party committees and governments at all levels must put work related to social order in a prominent position, make great efforts to strengthen the comprehensive improvement of social order, adopt more effective measures to severely crack down on criminal activities, and strive to maintain social stability so that the people can enjoy a happy and a safe living and working environment.

Comrades and friends!

On this occasion of celebrating the spring festival, we think all the more about the Hong Kong and Macao compatriots and the Taiwan compatriots. At present, there are less than 500 days before the government of our country resumes the exercise of sovereignty over Hong Kong. The Preparatory Committee of the Hong Kong Special Administrative Region has been set up and preparatory work in various aspects has entered a crucial stage. We believe, with the support and efforts of people in various circles in Hong Kong, the Preparatory Committee will certainly be able to smoothly fulfill its glorious and sacred historical mission. Taiwan is an inalienable party of China's sacred territory. President Jiang Zemin's 8-point proposals concerning the development of cross-strait relations and the promotion of the motherland's reunification have been universally welcomed at home and abroad. An early termination to the separation between the two sides of the strait ac-

cords with the will of the people and the general trend of events. The Chinese people have the confidence and ability to resolutely safeguard the country's sovereignty and territorial integrity. Any scheme to create "two Chinas," "one China, one Taiwan," or "Taiwan independence" will certainly meet with the opposition of all the Chinese people, including the Taiwan compatriots, and is doomed to failure. We will firmly and unshakably implement the principle of "peaceful reunification, and one country two systems," eliminate all interference, and energetically promote the great cause of the peaceful reunification of the motherland. We hope that compatriots at home and abroad will unite and make respective contributions to the realization of the complete reunification of the motherland.

In the past year, the Chinese Government has upheld an independent foreign policy of peace and has made new achievements in foreign affairs. Friendship and relations of cooperation between China and various countries have been strengthened, and economic exchanges and trade have been further expanded. Our country has played an important role in international affairs and its international position has been further raised. In the new year, we will, as always, develop friendship and relations of cooperation with various countries on the basis of the five principles of peaceful coexistence, oppose hegemony, safeguard world peace, and promote the establishment of a fair and rational new international political and economic order. The Chinese Government and people are willing to make unremitting efforts to promote peace, stability, and prosperity, and to build an even better new world together with the governments and peoples of various countries.

Comrades and friends! At present, the fundamental policy of reform and development has been fixed, and the crucial thing is to seriously implement it. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, let us unite closely around the party central committee with Comrade Jiang Zemin as the core, work hard and perseveringly, rouse ourselves for vigorous efforts to make our country prosperous, and strive for new progress in work in all aspects in 1996!

PRC: Li Peng Pays Lunar New Year Call on Government Workers

OW1702140896 Beijing XINHUA in English
1345 GMT 17 Feb 96

[FBIS Transcribed Text] Beijing, February 17 (XINHUA) — Chinese Premier Li Peng and other top central government leaders paid a Chinese Lunar New Year call on staff members of the General Office of the central government here this afternoon.

On behalf of leading State Council officials, Li wished all the staff members a happy new year.

China made advances in every field in 1995, and the economy has been developing in a healthy way, the premier said.

Inflation has been put under control as price hikes have slowed and another good harvest was reaped in 1995, he told the staff members.

More progress was made in reform and opening to the outside world and breakthroughs were made in diplomatic work, the premier said.

Li attributed all these achievements to the joint efforts of the people throughout the country.

He said the General Office did quite a lot of work and made marked achievements last year.

He went on to say that 1996 is an important year as it is the first year of the country's 1996-2000 economic and social development plan period.

A good beginning will be of great significance for the work in the coming years, he said.

The first major task China has scheduled for after the traditional Chinese New Year is the fourth sessions of the Eighth National People's Congress and the Chinese Political People's Consultative Conference, the premier said.

The two sessions are expected to approve the 1996-2000 plan and the long-term economic and social program through 2010 drafted by the central authorities, he said.

Li promised more efforts to curb inflation, produce more grain and reform the state-owned enterprises so as to promote economic development.

While a good job must be done in building a material civilization, greater efforts are needed to build a moral civilization, Li said.

He vowed to pay more attention to cracking down on all kinds of criminal activities and improving security in a comprehensive way, which is the pressing demand of all of the people in the country.

The premier said fresh progress should be made in diplomatic work so as to create a better international environment for the country's reform and opening to the outside world and economic construction.

Vice-Premiers Zhu Rongji, Qian Qichen and Li Lanqing, and several State Councillors joined the premier in his new year greetings.

The Chinese Lunar New Year of 1996, or the Year of the Rat, falls February 19.

PRC: No Policy Can Remain Unchanged for Next 100 Years96P30110A *Beijing DUSHU in Chinese Jan 96 p 13*

[Article by Yan Jirong (3601 4949 2837)]

[FBIS Summary] The media often report a certain leader's claim that certain policies will not change for the next 100 years or 50 years. This serves to calm people's minds and dispel their doubts concerning these policies. Without change, however, can there be development? This claim, runs somewhat contrary to the spirit of the rule of law which should be upheld at all times. Besides, the principle of the rule of law dictates that any leader holding office for a specific term can only make limited promises and decisions over certain affairs during his term provided that they do not violate existing laws. Furthermore, the "system of life long tenure" for leaders has been abolished, and even if it had not been, it would be difficult for anyone to remain in office for 50 to 100 years. The phrase: "it will not change for 100 years" is neither an academic concept nor is it legal jargon, but instead contains well intended words to dispel doubts, and is an expression of determination and faith. This phrase also reveals an element of the "rule of man" which in itself is most prone to change. These days, actions that show the state being ruled according to the law would be the most persuasive. To say that during one's term one will "try hard to guarantee that policies will not change" would be more responsible, honest, and dependable than to say "it will not change for 100 years."

PRC: Peasant Problems Concern Chinese Authorities

96P30113A

[FBIS Report] Recent press articles have expressed concern that China's stability is being jeopardized by its peasants who are currently beset by problems of public disorder, the resurgence of bad customs, and widespread practice of feudal superstitions. The articles also complained about a lack of correct values and as increase in the number of crimes and violations of family planning regulations by some young people. In an article stressing the importance of peasants' ideological education, the party committee of Hebei province's Botou city observed that Deng Xiaoping once pointed out that "China's stability depends on the stability of its rural areas where 80 percent of its total population dwells, and that the stability of its rural areas depends concurrently on economic development and the peasants' state of mind." The party committee, in its article entitled, "An Issue That Must Not Be Neglected" published in the 16 October 1995 edition of the Central Commit-

tee journal QIUSHI said it had discovered a lack of ideological and moral development supplementing rural economic growth and an absence of the mutual support of spiritual and material values necessary for sustaining rural economic development and stability. (1) The party committee reported the peasants' claim that one of the most serious problems affecting stability is the lack of public order in rural areas. Other problems it reported as negatively affecting the rural areas are caused by "certain wealthy peasants who have abandoned their social ideals and good traditions and are single-mindedly pursuing private gains." Furthermore, it noted that in some areas there is widespread belief in superstition, unrestrained heavy drinking and gambling have become common practice, and there has been a resurgence of bad customs, religion, and local clansmen wielding power. The party committee attributed the current phenomenon of valuing money above all else to the lack of a clear grasp of moral standards and the absence of sound personal values among peasants, especially young peasants. These problems have further polluted the "honest, spiritual atmosphere" in rural areas and assaulted traditionally upheld peasant values such as honesty, minding one's own business, attaining prosperity through hard work, and abiding by the law when conducting business. The party committee warned that without ideological education and guidance these problems would intensify, lead to violent confrontations, and the breakdown of village stability. These problems, it concluded, prove both the need for and the complicated nature of peasant ideological and education work that are confronting the party. Similarly stressing the need for better peasant ideological education, an article by Luan Chuanhai, deputy party secretary of Hubei's Yingcheng city, blamed the household responsibility system for narrowing young rural people's work environment and constraining their development needs. In his article entitled "Attach More Importance to the Work of Young Rural People" published in the 23 October 1995 edition of ZHONGGUO QINGNIAN BAO, Luan cited the results of a June investigation showing that 72.9 percent of Yingcheng's crime is committed by young people, 62 percent of whom are young rural people. The investigation also showed that among those who violate birth control regulations, 94.5 percent are also young rural people. (2) Claiming that the continuity of the party's undertakings in rural areas depends on these young people, and that "from the perspective of the future, whoever wins over these young people will win the future and future development," Luan stressed the need for the party to attach more importance to young rural people's education. According to a report by Wu Xiaodong published in the 16 December 1995 edition of ZHONGGUO QINGNIAN BAO, the Central Propa-

ganda Department convened a forum on 15 December 1995 to support an earlier government circular on organizing cultural activities for rural areas. (3) Wu described the forum's discussion of the various activities to be carried out by several of China's ministries and departments "to gradually change the general mood of the rural areas." During the forum, the Deputy Head of the Central Propaganda Department, Xu Weicheng, made an "important" speech in which he stressed that this winter and next spring, cultural activities will be promoted in a campaign against gambling, fortune telling, and witchcraft. He also stressed the need for all localities and units to take these activities seriously. According to the article, cultural activities to be held in the rural areas will include: educating party members, cadres, and peasants in Deng Xiaoping's theory of socialism with Chinese characteristics and educating peasants about patriotism, collectivism, and socialism, the spirit of hard work, and the correct world outlook. The campaign will also stress human and personal values, provide education about democracy and the rule of law, help increase peasants' awareness of their legal rights, and popularize science and technology to help them attain better living standards. Media Sources: 1. Beijing QIUSHI No. 20, in Chinese 16 Oct 95 p 38-41. 2. Beijing ZHONGGUO QINGNIAN BAO in Chinese 23 Oct 95 p 2. 3. ZHONGGUO QINGNIAN BAO 16 Dec 95 p 1.

PRC: Buhe Attends Tibetan New Year Celebration in Beijing

OW1702133496 Beijing XINHUA in English
1241 GMT 17 Feb 96

[FBIS Transcribed Text] Beijing, February 17 (XINHUA) — Tibetans living in the capital held a tea party here today to celebrate the traditional Tibetan New Year, which starts February 19 and coincides with the traditional Chinese Spring Festival.

Buhe, vice-chairman of the Standing Committee of the National People's Congress, participated in the activity.

Nyima Cering, assistant to the chairman of the Tibet Autonomous Region People's Government, sent new year greetings to Tibetans at home and abroad.

In 1995 Tibet's gross domestic product reached 5.25 billion yuan-worth, up 10 percent over the previous year, and the gross industrial output amounted to 630 million yuan.

Nyima Cering, who is also director of the Beijing Office of the People's Government of the Tibet Autonomous Region, said, "The year 1995 was the 30th anniversary of the founding of the Tibet Autonomous Region, a very important date for Tibetans, who held various celebratory activities."

He continued that last year the search for and confirmation of the reincarnation of the 10th Panchen Lama were completed and the 11th Panchen Lama enthroned.

Nyima Cering pointed out that Tibetans will continue to contribute to social stability and develop the local economy in the coming year.

PRC: Article Analyzes 'Collective Bribing'

OW1602115596 Beijing RENMIN RIBAO in Chinese
17 Jan 96 p 9

[Article from the "Investigation and Thinking" column by Ding Pinyu (0002 0756 0151) of the Research Office of the Central Commission for Discipline Inspection: "Guarding Against Collective Bribing With Public Funds"]

[PTS Translated Text for FBIS] These days, collective bribing with public funds or goods has become an increasingly open act. The negative social consequences of such behavior must not be treated lightly. According to some information, collective bribing with public funds accounts for a growing proportion of all criminal bribery cases. A local court announced guilty verdicts on 50 bribery cases after a first hearing. The cases involved 41 bribe takers, as many as 132 bribers, 65 enterprises, 12 party and government organs, and four nonprofit institutions. The bribes were worth a total of 1.417 million yuan, of which 65 percent were public funds.

Collective bribing with public funds mainly takes place in the following departments and fields:

State investment bodies are the main targets of collective bribery with public funds. State investment is mostly in the form of unpaid appropriations or low-interest loans that can benefit enterprises and local authorities in many ways, while the risks involved are minimal. Seeing that the scale of state investment is under control and there are many competitors, some local governments, organs, enterprises, and institutions resort to such practices as "racing into ministries to present money gifts" and "going to the capital city to present treasures" in order to win projects and funds and bribe the departments or persons in charge of projects and finance. A county party secretary said: Our projects and funds have been obtained by going here and there and giving out money. Some leaders openly say: As long as you do not put money in your own pocket, give as much as necessary; if you do not, others will; you should give presents boldly, in the interests of your locality. Some local leaders collectively decide to earmark huge sums of money as "slush funds," competing with each other at all costs.

Banks are another important target for collective bribery using public funds. At the moment, there is a widespread shortage of funds among enterprises. In order to expand and strengthen themselves, enterprises have no choice but to obtain loans from banks. However, the scale of bank credit is controlled by the state, and the funds available are limited. Under these circumstances, the conflict between the enterprises' infinite demand for funds and banks' limited credit scale has turned bank credit into a bone of contention among enterprises, leading to a large number of cases of using public funds for collective bribery. For example, Wang Yiping, former director of China Construction Bank's Gongyi City branch in Henan Province, abused his credit-approving power and accepted bribes in excess of 1 million yuan within a year or so. Most of the bribers were enterprises in urgent need of money. Jiang Zhufeng [5592 3796 7685], former member of Beijing Municipal Foreign Economic and Trade Commission, accepted a total of 190,000 yuan on separate occasions in the process of approving and regulating foreign exchange and issuing import permits. Similar cases are now a common occurrence.

Bribery with public funds in organizational and personnel work is also very serious. In their fight for limited official positions, some extremely power-hungry people go all out to bribe organizational and personnel departments. Some subordinates directly bribe their superiors, who are in charge of transfers, deployments, and promotions, with bribes worth hundreds of thousands of yuan. Some give presents on the occasion of weddings or funerals in their superiors' homes, and some "pay tribute" to their superiors on important holidays. The bribery money and goods used in power struggles, either openly or secretly presented, are always from public resources.

Bribery using public funds in commercial and trade activities has become rather common. It mainly takes the form of "commissions." Not only do township and town enterprises and collective enterprises use a "commission" as a means to sell products, but state enterprises do as well. This has resulted in the flow of large quantities of fake and inferior commodities into the market. From 1993 through 1995, a total of 370,000 cases of manufacturing or selling fake and inferior products were handled. Most involved bribery using public funds. According to one unit's figures, the "commissions" it turned over to higher authorities in 1992 accounted for 2.5 percent of its gross purchases; the figure rose to 7.8 percent in 1993 and to 9.4 percent in 1994. In order to market their products, some manufacturers pay as much as tens of millions of yuan in purchasing commissions to buyers. It was learned

that a considerable amount of "commissions" ended up in personal pockets or in the "little exchequer" of individual departments or units.

Bribing parties awarding construction contracts is a rampant activity. Among the 80 bribery cases investigated and handled by a city discipline inspection and supervision organ in 1993, 50 percent had occurred in construction units, most of which were collective organizations. In some areas today, "price tags" are put on construction contracts in the building industry, promising that the persons in charge of contract awarding, quality control, and material supply can get bribes worth 3 to 5 percent of a project's expected revenue.

Collective bribing with public funds is an act of serious corruption. It disrupts the state plan for orderly and scientific disposition of resources and interferes with the implementation of state macroregulation and control measures, to the detriment of the overall interests of the country and society. In the long run, it is bound to cause chaos in the economic order. The large number of cases of dereliction of duty, bribe-taking, embezzlement, and violation of the state financial, pricing, and taxation discipline that take place in our country each year are mostly induced by collective bribing with public funds.

As a social phenomenon, collective bribing with public funds should not be simplistically attributed to the effect of the traditional system. The main cause lies in reality. A thorough solution to the problem of collective bribing with public funds can be achieved through the following means: To carry out comprehensive reforms in greater depth, including the reform of the organizational and personnel system, and bring economic activities and civil service behavior in line with the economic law; to continuously improve and standardize the market order and minimize the human control factor in economic interactions; in judicial practice, to study and try to solve the problem of overconcentration of crackdowns on bribery, sternly investigate and punish bribers who use public funds, and thereby effectively check the spreading of bribing with public funds; in social economic activity, to strengthen the building of the legal system, introduce laws and regulations, tighten controls, enhance citizens' consciousness and ethics — especially for civil servants, adopt a correct concept of market competition, and create an orderly environment for economic activity.

PRC: Senior Judge Reports Increase in Copyright Cases in 1995

OW1802094096 Beijing XINHUA in English
0822 GMT 18 Feb 96

[FBIS Transcribed Text] Beijing, February 18 (XINHUA) — Chinese courts handled 400 copyright cases last year, an increase of 20 percent over 1994, a senior judge revealed today.

Zhou Xianqi, vice-chief-judge of the civil court of the Supreme People's Court, attributed the fact to China's strengthening legal protection of copyright.

Courts nationwide heard an increasing number of new types of copyright cases, many of them computer-related, he said.

More attention had been attached to overseas-related cases, including one brought by the American Walt Disney organisation in Beijing.

More big cases were a feature last year, Zhou said, citing some high-technological cases involving compensation each running into dozens of millions yuan.

These cases have caused great social concerns, he said.

"Public opinion at home and abroad have acclaimed the settlement of some cases," Zhou added.

However, courts have felt it more difficult to handle some copyright disputes because of technical and other reasons, Zhou said, but did not elaborate.

China is considering a revision of its five-year-old copyright law, the State Copyright Administration has announced.

Zhou said that 70 percent of the 400 disputes were settled with law verdicts, 25 percent of them were mediated, and the rest were dealt with by other methods.

He forecast a rising number of copyright cases coming before the courts in 1996, and stressed that importance of coordination between courts and administrative departments.

Many Chinese cities have set up special intellectual property rights tribunals in local courts.

***PRC: Shanghai Journal on Future of World Socialism**

96CM0142A Shanghai SHEHUI KEXUE [SOCIAL SCIENCES] in Chinese 15 Nov 95 No 183, pp 6-10

[Article by Zhou Qing (0719 7230) and Qiu Danyang (6726 0030 7122) of Jinan University; edited by Li Shen

(2621 3947): "The Developing Features and Trends of World Socialism in the Post-Cold War Age"]

[FBIS Translated Excerpt] [Passage omitted]

II. The Developing Trends and Future of World Socialism in the Post-Cold War Age

A. Socialism with distinctive national characteristics is going to be the mainstream and major model in the development of world socialism for quite some time to come, particularly being the only way for economically and culturally backward countries to build and develop socialism. For instance, just look at the essence and powerful vitality of socialism with distinct national characteristics as represented by China. 1) As it is socialism integrated with and suited to our national realities and features, it is feasible, effective, and vital socialism. 2) As it is socialism with the central missions and essential aims of economic construction and the development of science, technology, and the productive forces, or socialism whose means and ends are liberating and developing the productive forces, it has brought a clear understanding of why post-war socialism had been no match for developed capitalism, having been disadvantaged in the competition with developed capitalism and unable to bring its superiorities into full play, thus enabling socialism to now develop more quickly. 3) It is constantly self-renewing and improving socialism. To initiate a new socialism that was strong, democratic, civilized, and prosperous, it is normal that we would make mistakes and experience problems in the course of developing. But as the future and fate of socialism are tied to reform, the key is uninterrupted self-renewal and improvement. As the ideology and theory, practice and movement, and system and model of socialism are all not static and fixed, but rather developing, all advancing along with practical developments, their development is a [dialectical] unity of complications and advances, an upward spiralling movement. 4) It is reform socialism. Focused on reform and opening, its crux and grounds are to reform the former planned economy and build a socialist market economy.

B. Adapting to and mastering scientific revolution and high-tech scientific and technological [S&T] developments is an essential means and a powerful weapon for the rejuvenation and development of world socialism. Today's world is now caught up in a mighty torrent of great development, change, adjustment, and reform focused on high-tech science, in which the new technological revolution and high-tech developments are speeding up human social developments and improving all aspects of our lives, as well as impacting the development of world socialism. S&T never held such enormous power as it does in today's age of high-tech revo-

lution. Whoever masters advanced S&T will control the advanced productive forces and hold the golden keys to economic growth, social progress, and national might, to become world powers and major players. Whoever dominates in mastering S&T developments will hold the leading position in the S&T revolution and the competition over S&T developments, being able to control and drive human development, to be equipped with the fastest terms of access to the information society. With such a steady new torrent of S&T revolutions, those who go with its flow will prosper, while those who run against its tide will perish. So socialist countries and the socialist movement must seize the time to fully exploit the enormous power of S&T in the interests of their own self-development and might. It will be only by grasping this essence that world socialism will ultimately bottom out to revive and grow.

A review of history shows that world socialism's most crucial and profound lesson and most fatal mistake, as well as, the deepest cause of the drastic change in the [former] Soviet Union and Eastern Europe, was that it was backward in the competition with developed nations over the new S&T revolutions, having failed and taken a beating. Today, a new round of S&T revolutions, or the tide of an information revolution, is underway, with the building of high-tech projects such as the U.S. information superhighway increasingly becoming key components of the development strategies of the developed nations. As the developing information revolution will be bound to require an all-out reorganization of industrial structures, it is likely to give capitalist societies access to a new development stage. But with the new growth opportunities of the new S&T revolution being a case of equal opportunity for all humankind, socialism is similarly no exception. If socialist countries and the socialist movement exploit the opportunity, emphasizing and fully using new S&T achievements, as well as, remaining sensitive to their resultant changes in social structure, seizing opportunities for self-development, then we can certainly surmount the difficulties and recover quickly. But if we just watch it apathetically, handling it improperly and being unable to adapt to the information revolution trend, then we will certainly either remain hesitant at the bottom, or only be able to bottom out slowly.

C. The fundamental international missions of the forces of world socialism remain to keep world peace and promote global development. Our socialism is one that favors peaceful development. Peace and development are two of the current world's major themes, trends, and tides, as well as the international climate and terms for the rejuvenation and development of world socialism. Maintaining world peace and promoting global devel-

opment are the key aims of socialist foreign relations and foreign policy, while socialist might in turn is the essential force for maintaining world peace and promoting global development. With today's world in a period of great change from the old to the new order, while international tensions have generally eased, neither genuine peace or development have been realized fully. Moreover, they will not be realized naturally, rather requiring constant struggle by the peoples of all countries, particularly those of the socialist forces and developing countries. In particular, the current world is certainly not at peace, with turbulence in certain countries and regions, local wars occurring frequently, and supremacy and power politics still existing, which are severely affecting the rejuvenation and development of world socialism. Socialism can only develop soundly and quickly in an international climate of peace and development.

D. Premised on an international social climate of coexistence in one world of two systems [socialism and capitalism] and three types of countries [first-, second-, and third-world], world socialism is both confronting and competing with capitalism, as well as coordinating and cooperating with it. This is the reality as well as the rule in the struggle for survival and development. In today's international society, the capitalist world has obvious advantages over the socialist camp in areas such as economic, technical, and military might, productive forces development, living standards, social development, material civilization, and a material and technological base. World capitalism is generally dominant and playing the leading role, being on the offensive, while world socialism is generally weak and on the defensive. As this order is not likely to change fundamentally for quite a long time to come, the crucial and correct strategy and policy for world socialism in coexisting peacefully with capitalism is to both compete and cooperate, striving for common development through harmony. That is the only way to pay the smallest price for the most room to grow with the best chance for success. But the conflict and confrontation between the two systems will certainly not consequently fade away. Rather, in resolving conflict, we will simply no longer use the means of sharp clashes, armed confrontation, and warfare, relying instead on peaceful means of resolution such as self-development and accumulation of might, competing in overall national might to decide the pecking order.

E. World socialism needs to draw on all of the contemporary achievements of human civilization, particularly making full use of the outstanding achievements already made by capitalism, to transcend contemporary civilization by pioneering and creating. One of the features and innate characteristics of scientific socialism is its

openness. As scientific socialism is an open system per se, incompatible with all narrow and closed systems, it draws on and assimilates all world knowledge and experience favorable to human progress, in the interests of its own enrichment and development. As the essence of socialism is to liberate and develop the productive forces, it needs to carry forward and assimilate all of the outstanding achievements of human civilization, particularly all those made on capitalist terms that represent the highest contemporary civilization. In today's world where S&T developments are changing daily, any country, including a socialist one, that divorces itself from the world, closing its doors, isolating itself, not absorbing international experience, and not learning advanced knowledge, will find it impossible to develop itself or be a world leader, rather only making itself stagnant and backward. In an open world, all countries are giving up their isolation, opening up their doors, practicing openness, and doing all possible to exploit all advanced factors and outstanding achievements of civilization to develop rapidly, modernize, and join the ranks of developed nations. With the precedents having been set by the growth of developed capitalist nations, the following samples are the emerging industrial countries and regions. As the late developers invariably exploit the successes and cultural achievements of the forerunners as their own starting line and springboard for catching up to and surpassing the pioneers, that gives them the grounds for faster growth and development. Even advanced nations have to either remain open and assimilate the strong points of other countries to steadily advance and continue to stay in front, or else find their advanced status turning into a backward one. Any country that closes itself off from international intercourse, standing still and refusing to make progress, and sticking to the old ways, can only lose its advanced standing to fall behind. Since the 1980s, the developed nations have been paying even more attention to opening up to the outside world, collecting high-tech information from all countries, exploiting the outstanding cultural achievements of other countries, drawing on the lessons learned by other countries in success or failure, and contending for other countries' scientists and technicians, to speed up their own development. This provides experience for us in winning by seizing the S&T high ground to be in an invincible position in the international test of overall national might.

So while world socialism has suffered a setback, being at a low ebb, it is also now overcoming the crisis and problem, starting to bottom out, rebuilding its organizations, accumulating might, and starting down a road of sound growth. Moreover, it is establishing a new system, evolving a new model, and entering a new stage of better circulation to move toward rejuvenation.

Another glorious age of socialism is an irreversible trend, just as steady human progress is an inviolable objective law. The successful practice and pioneering of socialism with distinctive Chinese characteristics shows positively the road to recovery and bright hopes for world socialism, having enriched human progress and developed socialist theory and practice. But the mistakes, setbacks, crises, and changes of socialism negatively warn us that we need to wisely sum up scientific progress, spurring us to conscientiously reflect on our past and soberly consider our future, so that we can explore and create new routes for rejuvenating world socialism. We firmly believe that world socialism in the 21st century will certainly start off on the road to recovery and development with better quality on a higher level and from a higher starting point.

Science & Technology

PRC: Israeli Charges Cover Up in Launch 'Disaster'

TA1602185796 Jerusalem Channel 2 Television Network in Hebrew 1800 GMT 16 Feb 96

[Announcer-read report over video]

[FBIS Translated Excerpt] China has cut international connections to the area where a communications satellite exploded yesterday. Today, we were again able to get in touch with the Israeli who was present during the launch. He maintains that the Chinese are trying to cover up the evidence of the disaster. Today, thousands of corpses were loaded on dozens of trucks and buried in mass graves near the mountain. The eyewitness, whose testimony we aired last night, is practically the world's sole source of information concerning the events at the scene of the disaster. [passage omitted covered in referent item]

We are not disclosing the Israeli's identity in order to avoid causing him harm at the hands of the PRC authorities. His remarks were quoted today by every television network around the world.

Military & Public Security

PRC: Tokyo Paper on 'Secret' Jiang Military Visit to Fujian

OW1702095596 Tokyo TOKYO SHIMBUN in Japanese 16 Feb 96 Morning Edition p 5

[By Shunsuke Kusama]

[FBIS Translated Text] Hong Kong, 15 Feb — According to informed sources in Hong Kong, President Jiang Zemin (chairman of the Central Military Commission)

secretly visited Fujian Province for several days preceding 12 February. He held a meeting with CPC Central Military Commission Vice Chairman Zhang Wannin, who is staying in the province, and decided to carry out, while acting in accordance with circumstances, large-scale air, land, and sea joint military exercises after the Chinese New Year Day (19 February) in an attempt to put pressure on Taiwan's presidential election. With an eye on "psychological warfare" with Taiwan, China will announce, through the XINHUA NEWS AGENCY, the time, place, and other matters prior to the exercises, according to the same sources. It is said that such an announcement will enhance the "effect" of the military exercises.

The exercises will be held around Pingtan Island in Fujian Province. Troop gathering around Fuzhou in the same province has already been completed. Reportedly, about 170,000-180,000 military personnel will take part in the exercises. This is a scale slightly larger than what Taiwanese National Defense Minister Chiang Chungling said earlier; he said the number of personnel would be less than 150,000.

Saying that the exercises will start sometime during about two weeks after 21 February, when the New Year's holiday season ends, the sources pointed out that the most likely time is immediately after 24 February, the day the Taiwan presidential race will officially begin. Moreover, the exercises will be held in three stages. If the exercises are found "effective" enough in the first and second stages, the third exercise will be dropped.

However, the sources said that if there is no change in stock prices in Taiwan or President Li Teng-hui's approval rating, it is possible that China will temporarily invade the Taiwan-claimed sea area as its third exercise.

Reacting to China's military moves, U.S. President Clinton, Defense Secretary Perry, and other officials expressed strong concern about China's military exercise. But there is a growing hardline view within the Chinese military that canceling the scheduled exercises would mean that China fears the United States. Thus, China, judging that the Clinton administration is preoccupied with the U.S. presidential election campaign, has decided to conduct the exercises as scheduled, the sources said.

PRC: Li Peng Visits Haikou's Public Security Center

OW1802154596 Beijing XINHUA Domestic Service in Chinese 1258 GMT 16 Feb 96

[Article by XINHUA reporter Zhang Shutang (1728 0647 1016): "Use Science and Technology To

Strengthen Police Force — Sidelights on Premier Li Peng's Inspection of the Command Center of Haikou City Public Security Bureau"]

[FBIS Translated Text] Haikou, 16 Feb (XINHUA) — The establishment of a centralized, unified, and highly efficient public security system with rapid reaction is for the purpose of better assuming the heavy task of maintaining social security and serving reform and opening up. This is to cope with the development of public security in society and is also the demand and expectation of the party and the people.

In May 1995, a highly technical and modern command system was formally put into operation in Hainan, which uses the GPS [preceding acronym in English] global positioning satellite as the main system and integrates the functions of warning, monitoring, and commanding. This was the first step in strengthening the police force through science and technology in the country.

On the morning of 15 February 1996, Premier Li Peng, who was inspecting work in Hainan, observed the command system. He fully affirmed the significant role of the command system in maintaining public security.

At 0900, accompanied by Ruan Chongwu, secretary of the Hainan Provincial CPC Committee and governor of Hainan, and Hu Zhihua, director of the provincial public security department, Premier Li Peng arrived at the Haikou City Public Security Bureau which is located in the center of the city.

After entering the command center's control room on the 10th story of the public security bureau, people can see a large electronic color screen. The many lines on the screen, looking like a spider's web, show the traffic conditions of all of Haikou City. Various data and pictures under the control of the center are shown on the screens of many computers in the room.

What are the main roles and functions of the system? "How much was the investment?" Watching the constant changing of pictures on the large screen, Li Peng frequently questioned responsible persons of the provincial public security department and the city public security bureau as well as operators of the center questions with great interest.

They explained to Premier Li Peng that the system uses radio alarms, television monitoring, remote controls, an optical fiber computer network, PCM [preceding acronym in English — pulse code modulation] communications, microwave and optical fiber television transmissions, the global satellite positioning system, the geographic information system, a large screen digital map formation, automatic surveying of the volume

of traffic flow, and other advanced city traffic monitoring technologies. It is a comprehensive traffic security warning and traffic control system capable of covering an area of 60 square kilometers. The system can accurately detect the position of all moving vehicles, gasoline-powered boats carrying out antismuggling duties, and moving targets in the South China Sea within the scope of its control. It can also carry out highly efficient traffic control. The first phase project has been now completed, and areas including the east section of the expressway are all under the control of the system.

Facing the blinking red, yellow, and green signals on the screen, the center's operators told Premier Li Peng:

"These are automatically controlled traffic signals. The command center is linked with all red and green signals and traffic monitors in the city. The red signal shows the traffic being blocked, the yellow signal shows traffic jams, and the green signal means smooth traffic. According to the situation, the system's computer can automatically adjust the timing of red and green signals at various intersections to guide the passage of vehicles."

A responsible person of the city public security bureau also said: "After the completion of this system, the speed of passing of vehicles can be increased by 15 percent. It also plays an important role in handling sudden incidents."

Premier Li Peng nodded his head in satisfaction and asked: "Can you monitor Nan Hai [South China Sea] from here?"

"Yes, we can," answered a command center operator. After just a few seconds, an electronic map was shown on the screen. Later, at the request of Premier Li Peng, the screen showed the positions of our country's Yongshu Reef and other islands, the Ya 13-1 oil drilling platform, and data on their distances from Hainan.

Li Peng asked: "How does the public security system work?"

"We have established a warning system for fixed and moving targets and have installed warning alarm devices at a number of party and government organizations, financial departments, crucial units, and on some vehicles. If there is any problem, warning signals can be sent to this place in half a second. Meanwhile, the system can automatically show related data. Thus, we can dispatch police forces to handle the situation at various places within three minutes. In addition, the warning system can automatically take pictures of the site and communicate with the command center.

Li Peng said with a smile: "In this way, bad people won't be able to run away." All those in the control room laughed.

Hu Zhihua, director of the provincial public security department, then said: We have established a complete data system for the whole province and can check the files of residents on all of Hainan Tao [island] in three minutes.

Li Peng was deeply impressed with what he saw and heard. He gladly said: "Although you have invested more than 30 million yuan for the establishment of the system, you have received greater results. I wish to congratulate you. You have taken a good lead for the whole country and gained very good experience. However, you must further sum up your experience and improve the system. In the future, it should be popularized not only in Hainan, but also gradually in other places of the whole country, especially key cities."

He said: Cracking down on crimes, maintaining public security, serving reform and opening up, promoting economic development, and guaranteeing people the ability to live and work in peace and contentment are the responsibilities of public security organizations. We must rely on the whole society in comprehensive management of public security and have gained many experiences and methods in this respect. We must continue to adhere to the comprehensive management of public security. Meanwhile, we must take notice of the increasing role of science and technology and be good at applying science and technology in police work. We should build our public security organizations into a powerful force with advanced means, rapid reaction, high efficiency, and coordinated fighting capability. Of course, we should also implement laws in a strict manner and enthusiastically provide services.

Following his inspection, Li Peng met with cadres and policemen at the center. He said: The 1996 Spring Festival will come soon. On behalf of the party central committee and the State Council, I wish to extend cordial regards to comrades of public security system and armed police system of Hainan Province! I wish you a happy new year beforehand! I hope you comrades will make even greater achievements."

Premier Li Peng also wrote an inscription for the command center after his inspection, which reads: "Use Science and Technology to Strengthen the Police Force." Director Hu Zhihua, who personally led the project, said that Premier Li Peng's request would encourage them to make even greater progress.

PRC: Chief of Staff Discusses Combating Corruption

OW1902104596 Beijing XINHUA Domestic Service in Chinese 1032 GMT 9 Feb 96

[By reporters Zhang Dongwen (1728 2639 2429) and Ma Xiaochun (7456 0879 2504): "Fu Quanyou Stresses Need To Combat Corruption"]

[FBIS Translated Text] Beijing, 9 Feb (XINHUA) — Fu Quanyou, secretary of the General Staff Department's party committee and chief of staff, said at a discipline inspection work conference sponsored by the General Staff Department today that the party central committee and the Central Military Commission had set quite explicit tasks for this year's combat against corruption and for running a clean administration, adding that the crucial point was to ensure the implementation of these tasks.

Fu Quanyou pointed out: Building a better party style and resolutely combating corruption are necessary political demands. The General Staff Department's target in combating corruption this year is to stop the occurrence of new major cases and reduce ordinary cases to a minimum. In fulfilling this target, we must strictly carry out the responsibility system. First, the relevant department must take care of those affairs that fall under its management. Second, the department in charge must take responsibility. We must solidly form an overall concept and persist in exercising comprehensive management. Profound ideological education must be combined with a stricter system, and the punishment for corruption must be combined with encouragement of healthy trends.

Fu Quanyou asked all-level discipline inspection commissions under the General Staff Department to strengthen the impetus of handling violations of law and discipline and to push forward the combat against corruption. Violations of law and discipline must be resolutely handled without tolerance or leniency, to make breakthroughs and a good beginning in the new year.

Fu Quanyou stressed: We must strengthen our supervision, use systems for management over people, perform our tasks according to systems, and rely on systems in ensuring a clean administration. We must strengthen inner-party supervision, conscientiously carry out the system of criticism and self-criticism in party committees, regularly check the results of practicing cleanliness and self-discipline among leading group members, cultivate a good habit of making unreserved criticism, and seriously carry out self-examination and self-rectification. We must strengthen discipline inspection

so that all cadres will remain under strict supervision by party organizations and under strict restrictions of party discipline. We must strengthen supervision by the masses and conscientiously implement the appraisal system on party members and cadres. As a leading military institution in the entire armed forces, the General Staff Department must firmly put into effect General Secretary Jiang Zemin's requirement of paying attention to politics, study, and healthy trends, so that it can consciously serve as a good example for the entire armed forces to follow.

***PRC: Ingredients of Active Defense Strategy Discussed**

96CM0143A Beijing ZHONGGUO GUOQING GUOLI [CHINA NATIONAL CONDITIONS AND POWER MONTHLY] in Chinese 28 Nov 95 No 11, pp 4-5

[Article by Mi Zhenyu (4745 2182 3768): "China's Strategic Plan for Active Defense"]

[FBIS Translated Excerpt] [Passage omitted]

II. Salient Points of Strategic Plan for Active Defense

1. Conduct of Offensive Defense. Active defense, which is also known as offensive defense, and decisive battle defense means defense for the purpose of launching counterattacks and offensives. Deng Xiaoping said: "Active defense is not just defense, but offense as part of defense." Active defense is a dialectic unification of offense and defense. It is offense in the course of defense, and defense in the course of offense. It is offense and defense in combination. Campaign battles in the conduct of strategic defense are offense. Offense through campaign battles for steady depletion and annihilation of the enemy to attain strategic defense goals as a means of gradually changing the ratio between the enemy's strength and one's own, and altering the preponderance of power rapidly turns strategic defense into strategic counterattack and strategic offensive. Strategic counterattack is the most vigorous and most lively stage of defensive warfare. So-called active defense applies mostly to this kind of decisive battle-like counterattack. This is also where the fundamental distinction between active defense and passive defense lies.

2. Preparation for Protracted Triumph Over an Enemy Protracted war is an important guiding policy for a weak army to wage war against a strong army. Deng Xiaoping said: "Even active defense includes protracted warfare." During our agrarian revolutionary war, our war of resistance to Japan, our war of liberation, and our anti-United States-Aid-Korea War, we devised protracted warfare plans. In a future war to resist and strike

back at the aggression of a powerful enemy, inasmuch as we will be in a defensive position strategically, and since our weaponry will be inferior, we will have to go through a process of protracted war in order to mobilize and organize our forces fully, gradually wear down and annihilate the enemy, and change the balance between enemy forces and our own. Therefore, we will still have to wage protracted war to smash the enemy's plans for a quick decision. We will have to wage protracted war to drag down the enemy and defeat the enemy. Because of the increasingly widespread use of high-technology weaponry in modern warfare, the destructiveness and attrition of warfare is unprecedented. Protracted warfare will also inflict tremendous losses on China that will be detrimental to the building of socialism. Therefore, in preparing for protracted war, we must strive to win victory as rapidly as possible to bring the war to a close.

3. Counting on the Use of Inferior Forces To Defeat Superior Forces. The use of inferior strength and equipment to triumph over a better armed and equipped enemy is one of the distinctive features of our several revolutionary wars. Since the founding of the people's republic, our armed forces have undergone several decades of modernization. Our arms and equipment are very much better than heretofore. Nevertheless, by comparison with world military powers, they still have a long way to go. For some time to come, our armed forces will be inferior in arms and equipment. Therefore, in a future war against aggression, we must count on the use of inferior strength and equipment to triumph over a better armed and equipped enemy through a strategic plan of active defense. We must make the most of the power of revolutionary warfare, use and create a favorable combat environment, and use effective tactics to make up for our inferiority in arms and equipment. At the same time, we must actively research and develop high and new technology weapons and equipment as a means of narrowing the gap with a powerful enemy. We must particularly pay close attention to the development of "deadly strengths" that can play a major threatening role against a powerful enemy to provide our armed forces various effective means of throttling the enemy. The use of inferior equipment to triumph over an enemy having superior equipment is a battle tradition for China's Armed Forces. During the revolutionary warfare period, we always employed inferior equipment to triumph over enemies armed with modern equipment. Practice in the revolutionary war shows that since we waged a righteous war and a people's war, we were fully able to use inferior equipment to triumph over enemies armed with superior equipment. We have this kind of confidence.

4. Conducting people's war. A strategic policy of active defense is founded on a people's war. The support and participation of the broad masses of people is the most fundamental requirement for establishing and carrying out a strategy policy of active defense. In China's successive revolutionary wars, one important reason for our armed forces' ability to employ inferior equipment to triumph over an enemy armed with superior equipment was the most widespread mobilization of the masses and reliance on the masses to wage a people's war. In the agrarian revolutionary war, the war of resistance to Japan, and the war of liberation, our armed forces always made the condition of the masses, i.e., the condition of bases, the most important condition of warfare. For example, during the agrarian revolutionary war period, Mao Zedong made the condition of the people the most important condition for strategic retreat and preparation for counterattack. During the first, second, and third "encirclement and suppression," the destinations of the Red Army's retreats were always selected at bases where the people's condition was either best or relatively better, and these bases became the starting point for strategic counterattacks. Modern warfare is fiercer and more complex, and more manpower and materials are consumed; thus, greater mobilization and reliance on the masses is needed to wage a widespread people's war.

5. Use of Flexible Methods of Operation. A strategic policy of active defense requires the use of flexible and mobile strategy and tactics, the aims of which are to make the most of our own strengths and to attack the enemy's weaknesses. When a weak army fights a strong army, it cannot array imposing forces against the enemy. It has to be adept at using the advantages of a people's war to find and widen the enemy's weaknesses, to dupe the enemy, and to deliver surprise blows to the enemy. It has to be adept at judging the hour and sizing up situations, act as objective situations warrant, and both make use and change methods of operation in a timely, appropriate, and flexible way. It must be able to use whatever weapons it has to fight, to fight whatever enemy appears, and to fight at any time and at any place. Mao Zedong capsulized the strategy and tactics of China's Armed Forces in four sentences, namely: You fight in your way, and we fight in ours; continue to fight when winning, and get out when one is not. This method of operation of changing as the enemy changes, never sticking to a set pattern will still be applied in a future war against aggression.

III. Development of a Strategic Plan for Active Defense in a New Historical Era

1. Wars of containment have become an important component of a strategic plan for active defense in a new historical era. During the 1970s and early 1980s, after making a full and scientific analysis of the international situation, Deng Xiaoping said that inasmuch as increase in the forces for peace is greater than increase in forces for war, not only could world war be delayed, but it could be avoided. Prospects for the maintenance of world peace are promising. He also scientifically capsulized the basic characteristics of the modern era, making the penetrating judgment that "peace and development are the two main issues of the modern world." On the basis of this analytical judgment, the domestic work emphasis changed from "take class warfare as the key link" to take economic construction as the centerpiece, and the guiding ideology for building the armed forces changed from the imminent warfare mode of preparing to fight an early war, a large war and a nuclear war to the normal course of peacetime construction. This brought new development under the new circumstances of the guiding ideology of delaying and halting war in the strategic policy of active defense. Containing war became an important component of the strategic policy of active defense. This is in keeping with the character of the peace and development era, and it is also an important feature of the new era's strategic guidance.

2. Defense of the party's basic line and provision of security and support for national economic construction are important tasks of the strategic policy of active defense in the new era. The party's basic policy of "one center and two basic points" is the key component of the theory for building a distinctively Chinese brand of socialism that embodies in a concentrated way the fundamental interests of the country. One important principle of military struggle in the new era is that military struggle must be subordinate to and serve the national interest. One important aspect of this is that military struggle must be subordinate to and serve the party's basic line. Deng Xiaoping said many times that the armed forces must make a greater contribution in protecting the party's basic line. The building of the armed forces must be subordinate to and take account of the common good of national economic construction, and operate within this common good. We must concentrate energies on development of the economy. The most important requirements are a peaceful international environment and a stable domestic situation. In order for the armed forces to make a greater contribution to safeguarding the party's basic line, it must modernize in a planned way and steadily improve its defense

capabilities to provide military security and support for economic construction, reform, and opening to the outside world. This is the main strategic task in the strategic policy of active defense in the new era.

3. Coping with high technology local wars is the starting point in preparing for military combat in the new era. Major changes occurred in the world situation during the 1980s and early 1990s. With the end of the cold war between the United States and the USSR, the dramatic changes in eastern Europe, the dissolution of the USSR, the demise of the Warsaw Pact, and the steady decline in America's strength, the possibility of a world war declined further. The contradictions that the former polarization concealed also came out into the open. Local wars and military clashes sparked by ethnic conflicts, religious controversies, territorial disputes, and power struggles occurred in succession, and showed a trend toward increase during the first half of the 1990s. Consequently, local wars have become the main form of warfare in today's world. In addition, the swift development of science and technology, and its widespread application to the military realm have increasingly imbued local wars with a high technology warfare character. Under these new circumstances, China has made coping with local wars, particularly high technology local wars, the starting point for military combat preparations. China has shifted away from the former emphasis on large scale warfare and preparations to deal with an all-out invasion to preparations to deal with high technology local wars. This represents another major strategic change in building the armed forces and in strategic thinking. The significance of this strategic change is extremely profound. It is an important strategic move for dealing with changes in the development of the international situation and the development of military high technology. It influences and limits the building of the armed forces and every aspect of combat forms and combat methods. It is also bound to influence and limit the connotations of the strategic policy of active defense. Therefore, planning and directing the successful fighting of a local war under high technology conditions has become a new important component of the strategic policy of active defense in the modern era.

4. Protecting the unity and security of the motherland, and defending territorial sovereignty and maritime rights and interests are the main strategic tasks of the strategic policy of active defense in the new era. Given the new international situation, the possibility that the imperialists and the hegemonists will launch an all-out aggressive war against China is very slight now and for a long time to come, and the possibility of large scale localized war is also not great. Nevertheless, the imperialists and the hegemonists do not want China

to become a united, powerful socialist country. They are bent on nurturing and supporting all kinds of separatist forces to destroy the great cause of China's unity. They also erect obstacles and manufacture incidents to harass China's socialist modernization and national security and stability. Incidents in which some neighboring countries nibble at China's border territory, and encroach upon China's maritime rights and interests also occur from time to time. In particular, the expansion of "Taiwan independence" forces, and the Taiwan authorities' espousal of a "two Chinas," and a "one China and one Taiwan" policy seriously threatens the unity of the motherland. Although these threats do not endanger the existence of the country and the race, if they are not handled properly and opposed vigorously, they can affect the integrity of territorial sovereignty, the unity of the motherland, and the dignity of the country and the people. They can interfere with the country's economic construction and damage the country's security and stability. This is a matter about which military combat must be considered. Therefore, safeguarding the unity and security of the motherland, protecting its territorial sovereignty and its maritime rights and interests are important strategic tasks of the strategic policy of active defense in the new era.

PRC: Ren Jianxin Addresses National Public Security Meeting

OW2002135796 Beijing XINHUA Domestic Service
in Chinese 1240 GMT 9 Feb 96

[By reporters Mao Lei (3029 4320) and Liu Siyang (0491 1835 2254)]

[FBIS Translated Text] Beijing, 9 Feb (XINHUA) — The 19th national meeting on public security ended at the Great Hall of the People in Beijing today. Ren Jianxin, member of the Secretariat of the CPC Central Committee and secretary of the Central Commission on Politics and Law, urged public security departments across the country to make greater contributions in safeguarding political stability and economic development.

The four-day meeting summed up public security work during the period of the 8th Five-Year Plan, analyzed the situation of struggle in the days to come, and discussed the "Outline of Public Security Work in the Period of the 9th Five-Year Plan."

Ren Jianxin said: Party committees and government at all levels, public security departments in particular, must get a clear understanding of the situation, keep a clear head, sharpen their political acuteness, and spare no efforts in safeguarding political stability. He stressed that as leading cadres — particularly leading comrades of public security departments — pay greater attention

to politics, a heightened sense of crisis and political power and more attention to safeguarding stability should become essential parts of it.

Ren Jianxin expressed the hope that localities would intensify the crackdown on crime, earnestly implement the series of measures for improving public order, and create a good public order for the implementation of the ninth five-year plan for national economic and social development and the long-term target for the year 2010. He said that relevant leaders of those localities and departments chronically plagued by public disorder will be investigated for their responsibility and duly punished.

Ren Jianxin also stressed that it is necessary to build up the ranks of public security cadres and constantly raise their political awareness and professional proficiency. Problems within organs of dictatorship could be extremely harmful. Therefore, we must enforce strict discipline and administer police in accordance with the law, and take practical measures in reinforcing police ranks. It is particularly important to strengthen the leading bodies of public security departments at all levels. We must intensify efforts to implement the anticorruption struggle, step up internal and external supervision, firmly investigate infractions of law and discipline within the ranks, and resolutely remove black sheep among the police ranks. Meanwhile, we should step up education by positive examples, build up the ranks organizationally, improve rules and regulations, step up training, and spare no efforts in bringing up a public security force that is loyal, reliable, well-trained, professionally proficient, well-disciplined, has a fine style of work, and enforces law impartially.

In conclusion, Ren Jianxin urged party committees and government at all levels to take public security work seriously, exercise effective leadership, help public security departments in building up their leading bodies and managing personnel affairs well, support them in handling all their affairs in accordance with the law, and provide them with needed logistical support in terms of police funds and personnel from the viewpoint of the overall interests of the whole party and whole nation.

Tao Siju, minister of public security, delivered a summation at the meeting. He urged localities to organize quickly the vast number of public security and people's policemen to study and implement the guidelines of this meeting. Speaking of this year's work, Tao Siju stressed that public security departments in the localities must intensify efforts at improving public order, deepen the campaign of learning from Jinan's traffic police, face up to problems within the ranks, thoroughly investigate malpractice peculiar to police about which the masses

have complained bitterly, conscientiously implement the tasks of this year, and lay a solid foundation for work in the next five years.

PRC: Guangzhou Holds Military-Police Meeting; Leaders Speak

OW2002125496 *Guangzhou NANFANG RIBAO*
in Chinese 4 Feb 96 p 1

[FBIS Translated Text] Yesterday afternoon, the Guangzhou area held a military-police meeting to exchange last year's work experiences, discuss plans to maintain social stability, and study ways to further strengthen military-police unity. Lieutenant General Zhou Yushu and Lieutenant General Wang Tongzhuo, deputy commander and deputy political commissar respectively of the Guangzhou Military Region; Chen Shaoji, member of the Guangdong Provincial CPC Committee Standing Committee and director of the Guangdong Provincial Public Security Department; and Vice Governor Zhong Qiquan, were among those attending the meeting. Also present were Wu Xiangqing, Lin Shaoyu, Yuan Yuan, and Liu Yuanjie — all leaders of organs of the Guangzhou Military Region and the Guangdong Provincial Military District — as well as persons in charge of public security, traffic, armed police, fire, and border defense departments of Guangdong and Guangzhou City.

On behalf of military officers and men stationed in Guangdong, Zhou Yushu expressed his thanks to party committees at all levels of Guangdong for attaching importance to and doing a good job in supporting the military and giving preferential treatment to the families of soldiers and martyrs, and for supporting the military's work. He also highly praised all cadres and policemen of the province's public security departments for maintaining the military's good image and reputation and for actively supporting the military in accomplishing its tasks. He said: The military, armed police, and public security departments are all tasked with ensuring national security and maintaining social stability; they are comrades-in-arms in the same trench. They must at all times keep deeply in mind, from a political perspective, the importance of maintaining close relations between the military and police; correctly handle relations between the military and police and between the military and civilians; and work hand in hand to maintain the current political stability and unity.

Chen Shaoji said: Guangdong is near Hong Kong and Macao and is the showcase of the country's reform and opening up; therefore, cooperation between the military and police in Guangdong has special significance. Unity between the military and police not only can lay a solid foundation for maintaining

social security and stability, but also can form a joint force for handling all kinds of social contradictions better. He urged public security departments at all levels and the vast numbers of police cadres and policemen to firmly bear in mind the need to support the military and give preferential treatment to the families of soldiers and martyrs; to regularly consult and cooperate with the military; to study new developments and problems of the new period; to sum up experience; to promote the glorious traditions; and to make new and greater contributions to developing socialist material and spiritual civilizations, to maintaining social stability, and to accelerating economic development.

PRC: Guangzhou Military Region Holds Propaganda Meeting

OW2002090196 *Guangzhou NANFANG RIBAO*
in Chinese 4 Feb 96 p 1

[FBIS Translated Text] Yesterday morning, comrades in charge and editors and correspondents responsible for military affairs reporting in military and civilian press units of the Guangzhou area gathered to attend a military propaganda work meeting held by the Guangzhou Military Region to discuss ways to further improve military propaganda work.

Lieutenant General Zhou Yushu and Lieutenant General Wang Tongzhuo, deputy commander and deputy political commissar respectively of the Guangzhou Military Region, attended the meeting. Yu Youjun, member of the Standing Committee and director of the Propaganda Department of the Guangdong Provincial CPC Committee, was invited to attend and speak at the meeting. The meeting was presided over by Major General Yao Chengyou, deputy director of the Guangzhou Military Region Political Department.

At the meeting, comrades in charge of press units of the Guangzhou area reviewed their military propaganda work of the past year, summed up and exchanged experiences, and analyzed problems facing them. In his speech, Zhong Guangming, deputy chief editor of *NANFANG RIBAO*, briefed meeting attendees on the paper's adding a "National Defense" page to publicize vigorously advanced and exemplary military personnel and deeds and to carry out in-depth double-support activities.

In his speech, Yu Youjun stressed: In conducting military propaganda work, we should be politically conscious, take the overall situation into consideration, and be discipline-minded; we should pay attention to the differences between internal and external propaganda and be able to tell the true from the false; we should primarily conduct positive propaganda. He expressed the

hope that military and civilian press units would further improve communications between them, step up publicizing military-civilian joint efforts to build spiritual civilization, and further improve military propaganda work. Lieutenant General Wang Tongzhuo highly

praised NANFANG RIBAO for its good work last year in publicizing the major typical case of Yao Cixian, saying the paper made a major contribution to introducing the case to the whole country.

General**PRC: Qiao Shi Urges Guangdong To Continue Reform, Opening***OW1802162496 Beijing XINHUA in English
1606 GMT 18 Feb 96*

[FBIS Transcribed Text] Guangzhou, February 18 (XINHUA) — Qiao Shi, the top Chinese law-maker, has urged south China's Guangdong Province to work hard to bring about a new situation in the reform and opening-up and the modernization drive.

He said that Guangdong should make good use of its advantages, expand its efficient farming sector, step up enterprise restructuring and open wider to the outside world.

While inspecting Guangdong February 9-18, Qiao, chairman of the Standing Committee of the National People's Congress, said that Guangdong holds an especially important position in China's economic construction and trade with the rest of the world.

He visited factories, vegetable production experimental centers and residential quarters in this provincial capital, as well as the Shenzhen and Zhuhai special economic zones. He extended Spring Festival greetings to workers, farmers and officials.

He praised Guangdong for its contributions to China's reform, opening-up and modernization drive.

Over the past few years Guangdong has scored new successes in economic construction, reform and opening-up, and has made fresh progress in promoting the establishment of a socialist legal system as well as cultural progress, he told local officials.

Qiao said that over the next five years Guangdong should make better use of its advantageous conditions, and continue to draw on what is useful from other parts of China and the rest of the world.

"Maintaining a sustained, rapid and sound growth of Guangdong's economy and scoring greater successes in promoting the establishment of a legal system and cultural progress are of great significance in promoting the smooth transition of and prosperity and stability in Hong Kong and Macao," said Qiao, a standing committee member of the political bureau of the Chinese Communist Party central committee.

He asked local officials to work hard to boost Guangdong's agriculture and upgrade production and the processing of farm and sideline products over the next five years, in an effort to meet the needs of both domestic and overseas markets.

While inspecting factories in Guangzhou, Shenzhen and Zhuhai, Qiao said that by relying on the workers and giving full scope to the wisdom of managerial staff and technicians, "we will certainly be able to overcome all kinds of problems and difficulties which may crop up in the course of development."

He emphasized that enterprises must give top priority to technical upgrading.

In the course of expanding the socialist market economy, enterprises will not be able to survive the competition without advanced technology and marketable products, he noted.

He praised a number of enterprises in Guangdong for independently developing new production processes and new products which have enabled them to break into domestic and foreign markets.

While visiting the Xiangzhou Water Purification Plant in Zhuhai he stressed the need to control pollution while expanding the local economy.

PRC: Qiao Shi Inspects Work in Guangdong, Cites Goals*OW2002170396 Beijing XINHUA Domestic Service
in Chinese 0919 GMT 18 Feb 96*

[By reporter Wang Chuanzhen (3769 0278 4176)]

[FBIS Translated Text] Guangzhou, 18 Feb (XINHUA) — During his recent inspection tour in Guangdong, Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the Standing Committee of the National People's Congress, stressed that it is necessary to continue the emancipation of minds, actively engage in new explorations and innovations, work conscientiously, take advantage of local conditions, vigorously develop "high-yield, high-quality, and high-efficiency" agriculture, deepen the reform of enterprises, open wider to the outside world, and bring about new progress in the modernization drive so as to kick off the Ninth Five-Year Plan and the Long-Term Target for the Year 2010 with a good beginning.

From 9 to 18 February, Qiao Shi, accompanied by Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong provincial party committee; Lu Ruihua, deputy secretary of the Guangdong provincial party committee and governor of Guangdong; Zhu Senlin and Fang Bao, chairman and vice chairman respectively of the Standing Committee of the Guangdong Provincial People's Congress; and other comrades inspected Guangzhou, Shenzhen, and Zhuhai. During the inspection, Qiao Shi heard

work reports by the Guangdong provincial party committee, the provincial people's congress, provincial government Shenzhen city party committee, city government, and Zhuhai city party committee, and city government; visited industrial enterprises, vegetable production experimental bases, and residential areas; he also heard reports by the Zhaoshang Group and Shekou Industrial Zone. Everywhere he went Qiao Shi inquired with great concern about progress in various construction projects and about the living conditions of the local people. He also warmly extended Spring Festival greetings to all.

Qiao Shi stressed: Generally speaking, the present international environment is favorable to our efforts to deepen reform and opening to the outside world, speed up the modernization process, and realize the Ninth Five-Year Plan and the Long-Term Target for the Year 2010. As a whole, the domestic economic situation is good. We should continue to seize opportunities, vigorously make new explorations, and work conscientiously to further promote the national economy. Spring has come, and everything is full of life in southern Guangdong Province. After hearing a report on construction in Guangdong and having seen prosperity in the places he had visited, Qiao Shi was very pleased, saying: Guangdong, being the big southern gate of the motherland, occupies an important position in the nation's economic construction and economic and trade cooperation with foreign countries. Since the Third Plenary Session of the 11th CPC Central Committee, Guangdong, guided by the Comrade Deng Xiaoping theory of building socialism with Chinese characteristics, has resolutely implemented the party's basic line of "one center, two basic points" and has successfully carried out all fields of work, thus making important contributions to China's reform, opening up to the outside world, and modernization construction as a whole. Since Comrade Xiaoping made important speeches during his tour of southern China and since the holding of the party's 14th Congress in particular, Guangdong has scored new achievements in economic construction and reform and opening up to the outside world. It has made new explorations in improving the socialist democratic legal system and in the building of a socialist spiritual civilization, scoring further progress in this area. During the Ninth Five-Year Plan, the starting point and requirements will be even higher for Guangdong's development. The province should make good use of its favorable conditions, continue to learn from useful things domestically and internationally, proceed from reality, deepen reform, open wider to the outside world, and carry out its construction tasks in a still better way.

Guangdong is close to Hong Kong and Macao. Qiao Shi pointed out that the day is approaching when China

resumes the exercise of sovereignty over Hong Kong, and the day when China restores the exercise of sovereignty over Macao is also not far away. During the Ninth Five-Year Plan period, Guangdong should work harder for the implementation of Comrade Xiaoping's strategic concept of "one country, two systems." Maintaining a sustained, rapid, and healthy development of Guangdong's economy and further doing a good job in the building of the democratic legal system and a spiritual civilization is of great significance to promoting the smooth transition of Hong Kong and Macao and their prosperity and stability. Qiao Shi said in the past few years that the Shenzhen and Zhuhai Special Zones have made new progress. This is inspiring. He expressed the hope that Guangdong will continue to take a leading position in reform and opening up to the outside world and score greater achievements in construction.

Qiao Shi expressed great interest in the development of agriculture and the rural economy. In 1995 the output of agriculture, forestry, animal husbandry, and fishery in Guangdong increased in an all-round way. The acreage of "high-yield, high-quality, and high-efficiency" farms increased rapidly, and the momentum is continuing. Village and township enterprises continued to grow. Construction of farmland water conservation projects and other related infrastructural facilities strengthened. Marked results were made in providing assistance to poor areas. Qiao Shi was gratified after hearing a briefing about the success. He said: Guangdong has made notable progress in developing agriculture in the past few years; its success is gratifying. On this basis it should continue its efforts for greater success in the Ninth Five-Year Plan period. Efforts should be made to constantly upgrade the production and processing of farm produce so as to meet market demands domestically and internationally. Special efforts should be made to improve quality, upgrade products, and create brand-name products by exploiting Guangdong's conditions and advantages and by adopting both domestic and international advanced techniques in line with reality. With great interest, Qiao Shi inspected a factory-style vegetable production demonstration farm in Guangzhou. He appreciated its success in producing high-quality vegetables by adopting advanced technology and importing and cultivating fine strains. Qiao Shi also stressed that village and township enterprises should not rest at their present level. They should make continued efforts to improve their technology and management and advance themselves by upgrading the quality of their products.

In recent years, Guangdong has scored gratifying results in reforming enterprises, in exploring the possibility of establishing a modern enterprise system, in promptly summing up and popularizing its successful

experiences, and in properly handling the problems encountered in practice. Qiao Shi heard reports related to these achievements. He also visited the Qixing Pharmaceutical Company Ltd., the Zhujiang Beer Corporation, the Wanbao Air-Conditioner Corporation, the Nanbo Corporation Ltd. in the Shekou Industrial Zone, the Huawei Technology Company Ltd., the Zhuhai Acetic Acid Fiber Company Ltd., and the Geli Group Electrical Appliances Shareholding Company Ltd. in Guangzhou, Shenzhen, and Zhuhai. Qiao Shi said: The key to improving state enterprises and preserving and increasing the value of state assets is deepening reform. Guangdong has started reforming its enterprises relatively early. It has done a fairly meticulous job. This is its advantage. So long as Guangdong continues to proceed from local conditions, to closely rely on staff members and workers, to give full play to the wisdom and talent of managers, scientists, and technicians, and to boldly make explorations and experiments in practice, it will be able to gradually solve the problems and difficulties encountered in the process of development. Qiao Shi stressed: It is necessary to give importance to enterprises' technical transformation. Under the condition of developing a socialist market economy, an enterprise cannot survive if it lacks advanced technology to produce products that meet the demand of markets. Many enterprises in Guangdong have achieved very good results in importing and developing some new technologies and products and in expanding both domestic and international markets for their products. Guangdong should make continued efforts to scale new heights. Qiao Shi was pleased to witness Guangdong's success in developing new high-tech industries. Noticing that some enterprises had done very well by improving their technology and management, Qiao Shi encouraged them to make further progress and catch up with the world's advanced level.

Qiao Shi also inspected the Xiangzhou Water Purification Plant in Zhuhai City. He appreciated its efforts in taking practical measures to prevent pollution, saying: While undertaking economic development, it is necessary to prevent pollution and protect the environment. If we wait to attempt to control pollution until it is a serious problem, we will get half the result with twice the effort. With regard to the pollution that has already been caused, we must have the determination to control it; we must have good measures to control it; and we must see to it that our measures will yield results.

PRC: Defense Industry Conversion Plans Reported
OW1902110196 Beijing XINHUA Hong Kong Service in Chinese 0931 GMT 7 Feb 96

[By reporter Deng Ying (6772 4481): "China Fixes Development Plan for Converting National Defense Industry to Civilian Production in the Ninth Five-Year Plan Period"]

[FBIS Translated Text] Beijing, 7 Feb (XINHUA) — China has fixed a development plan for converting national defense industry to civilian production during the Ninth Five-Year Plan period, from 1996 to 2000. The use of high-tech war industries for civilian production will become the focus of converting national defense industry to civilian production in the coming five years.

Prior to this, the focus of converting military-oriented enterprises to civilian production was always put on shifting the production capacity of military-oriented enterprises and on technical transformation on a large scale.

The astronautics industry will further develop large and medium-sized satellites for broadcasting, telecommunications, data transmission, and meteorological work, develop regional mobile telecommunications satellites and live broadcasting satellites, develop satellite ground application systems, and develop carrier rockets and launching services.

The aviation industry will regard improving existing civil aircraft as key work, changing their models and after-sale service, and the gradual convergence of the manufacturing of large civil aircraft with that of other countries. It will choose the best and most suitable existing aviation engines and change them into high-performance equipment for ships and for power-generating facilities. It will also properly carry out promotion and application work.

The ship-building industry will focus on the development of large, 300,000-ton or less transportation ships, including liquefied gas ships, large oil tankers, large shallow-water ships for transporting coal, large container ships, large roll-on-roll-off ships, and cold-storage ships. To meet the needs of high-speed passenger and cargo transportation, it will also focus on the development of high-speed, high-performance large sea-going side-wall hovercraft and double-body hydrofoils.

The nuclear industry will focus on the development of nuclear power stations, nuclear fuels, the application of irradiation technology, the formation of irradiation cross-linking of high polymers, irradiation degeneration, sterilization of medical apparatuses, preservation

of food, the treatment of waste water, waste gas, and industrial residue, and other forms of comprehensive processing, and the development of radioactive medicine, nuclear medical equipment, fire alarm systems, various marker chemical compounds, tracers, and other products for mass production.

The weapons industry will continue to focus on the development of mechanical, photoelectric, and chemical civilian product series with vehicles as major products. At the same time, it will also develop architectural machinery, the application of laser, micro light, ultra-red light, and CCD technology, and various chemical, fine chemical, and medicine products. It will also develop partial optical fiber networks and graphics handling systems.

Assistance will be given to superior products turned out following the conversion of war industry to civilian production, such as vehicles, motorcycles, large mechanical equipment, and various new raw materials, and input in them will be increased so that their production scale can be expanded and they can be upgraded. The development of tertiary industry, which enables war industry technology to display its strong points and which is closely related to science and technology progress, will also be quickened.

Besides, during the Ninth Five-Year Plan period, the production structure and product mix of the war industry will also be further readjusted. China's war industry scientific research and production capacity will be further reduced. This is mainly to release a number of military-oriented enterprises of their tasks of producing military products, further optimize their structure, rationally distribute resources, develop products needed by the market, and readjust and reduce products which are not in keeping with industrial policies, have not much ability to survive, have no market, or have poor market prospects.

To speed up the shift of war industry technology to civilian production, the Chinese Government will continue to organize the implementation of plans for converting war industry science and technology to civilian production and plans for converting war industry high-tech to civilian production. Loans amounting to several billion yuan and some allocation will be put into them. War industry scientific research academies and institutes will be encouraged to develop high-tech industry for civilian production so that they can become a main force in developing high-tech industry which combines war industry science and technology with civilian production.

It is expected that in the year 2000, a pattern of diversified management with defense industry as the guiding factor, and civilian products as the dominant factor,

will initially take shape; each military-oriented enterprise will at least have one mainstay civilian product; the strong points of the equipment, technology, and personnel of military-oriented enterprises will basically be utilized, and arrangements will basically be made for surplus personnel; the rate of annual increase in civilian products will be about 10 percent, and the per capita industrial output value will be doubled; several dozen brandname products which are geared to the domestic market, require considerable technological level in their production, and occupy a position in the market, will be turned out; and several dozen enterprise groups converted from military-oriented enterprises for civilian production and bases for civilian production which have considerable influence at home and abroad will be built and a high-tech industry which has combined war industry and civilian industry and which is up to the international standard and can take part in international competition will be developed.

PRC: Economic Information Service Improves 'Markedly'

OW2002063596 Beijing XINHUA Domestic Service
in Chinese 2048 GMT 7 Feb 96

[By reporter Deng Yaping (6772 0068 1627)]

[FBIS Translated Text] Nanning, 8 Feb (XINHUA) — According to information gathered by this reporter from the 1996 national economic information system meeting that concluded in Nanning recently, China has made fairly rapid progress in exploiting information resources and building information networks in connection with its economic information system, and has markedly improved its information service quality.

It is understood that information centers at all levels in China have become more aware of the need to serve government departments and have substantially improved the quality of their services in providing macroeconomic management information. Information centers have carried out a tremendous amount of computing and analytical work to help planning commissions at all levels draw up 1996 plans, "Ninth Five-Year" plans, and programs through 2010. The State Information Center has played an important role in monitoring developments in market prices and analyzing price trends through its daily monitoring of the prices of 39 commodities, weekly roundups of price developments across the nation, and monthly analysis of the prices of 100 commodities. Last year, the State Information Center's Forecasting Department compiled 98 monitoring, forecasting, surveying, and analytical reports on issues of general interest. Many information centers have established new economic information networks that serve

the government. For example, Guangdong Province has opened an on-line service on overseas developments for provincial leaders, and Anhui Province has begun distributing information from 13 departments and bureaus through the information network.

China has made marked progress in establishing economic information networks. The SICNET [preceding acronym published in English] value-added network began trial operations in mid-1995. This network has introduced hundreds of daily information service columns, which can be updated quickly, under the eight major categories of economics, on-line banking, macroeconomics, price dispatches, foreign investment, tourism in China, real estate, and offshore information. Value-added products such as electronic mail, electronic bulletin boards, on-line chat, electronic conferences, on-line software databases, and special forums have become available on special postal and telecommunications networks or networks under the Golden Bridge project. Moreover, information centers in various localities have increased the variety of information products with distinctive features, such as Guangxi's sugar market information, Hangzhou's silk information, and Shanghai's food and beverage information.

Information centers at all levels have played a positive role in promoting the development of national economic information in China. The first group of 24 provincial and municipal network stations, which were launched under the Golden Bridge project, were all opened for service last year. Information centers (bureaus) in Guangdong, Shenzhen, Hainan, and Anhui, which also serve as offices for local information planning and development, have actively explored information development paths that are consistent with provincial and city conditions. China has also used foreign capital to build its economic information system.

PRC: Price Controls Meet 'Measured Success' in 1995

OW1702115296 Beijing ZHONGGUO XINWEN SHE in English 0335 GMT 17 Feb 96

[FBIS Transcribed Text] Beijing, February 17 (CNS) — Price controls introduced by China's State Council last year have met with measured success, according to a report recently publicised.

In 1995, the rise in retail prices for basic necessities was gradually brought under control when compared with the previous year. At the end of 1995, inflation stood at 8.3 percent, compared with 23.2 percent in December 1994, with the average for the year falling within the state target of 15 percent to register 14.8 percent.

However, the report discloses that apart from the provinces of Hainan, Guangdong, Anhui, Zhejiang, Shandong, Jilin, Jiangsu, Fujian, Liaoning, Heilongjiang and Henan and the municipalities of Beijing, Shanghai and Tianjin, which all succeeded in containing inflation within the 15 percent benchmark, other provinces such as Yunnan, Guizhou, Sichuan and Shaanxi recorded a 16 percent or higher rates.

The reasons for this failure are put down to: 1, natural disasters resulting in soaring prices; 2, ineffective price control measures; 3, half-hearted efforts and 4, ignoring state directions through opting for other alternatives.

The report further stresses that, with the commencement of the Ninth Five-Year Plan, the battle against inflation was of prime importance with particular emphasis to be laid on "appropriately tight" financial and monetary policies, strict control of new projects and the growth of the spending, stockpiling of essential products, adequate food supplies, special funds to reduce food price fluctuation, price control mechanisms to regulate public utilities and strengthen supervision on prices of basic necessities, all of which should be supported by appropriate legislation.

PRC: Regulations on Construction Supervision Issued

OW1602165896 Beijing ZHONGGUO XINWEN SHE in English 1325 GMT 16 Feb 96

[FBIS Transcribed Text] Beijing, February 16 (CNS) — Regulations relating to the supervision of construction work have been issued by the State Planning Commission and the Ministry of Construction.

According to the regulations, the Commission and the Ministry will together supervise the construction industry. The Ministry will have overall responsibility for supervision of construction work across the country.

Local governments will carry out supervision of construction projects in areas under their jurisdiction. Departments of Industry and Transport under the State Council will be responsible for management and supervision of their own construction projects.

The supervision will cover medium and large sized engineering projects, municipal works and public utilities, government funded office buildings, social undertakings and residential housing projects.

Construction work involving foreign capital, Sino-foreign joint ventures, foreign loans and donations are all subject to the regulations which aim to control spending on and the quality of construction projects. Administration of contracts for construction projects

as well as co-ordination between entities involved are covered by the regulations.

The regulations clearly lay out supervision procedures and penalties for those found to be in violation.

PRC: Average Urban Incomes Rise in 1995

OW1702105396 Beijing ZHONGGUO XINWEN SHE
in English 0401 GMT 17 Feb 96

[FBIS Transcribed Text] Beijing, February 17 (CNS) — According to a random survey of 9100 households in 35 large and medium cities conducted by the State Statistical Bureau, in 1995, average income per head was RMB (Renminbi) 5059 (about US\$ 608), up by 22 percent over the previous year. After taking inflation into account, real income growth measured 3.9 percent.

The incomes surveyed showed four characteristics:

First, incomes were mainly salary based. In 1995, the average salary per head was RMB 3482 (about US\$ 419), up by 22 percent over the previous year. Salaries accounted for 69 percent of total income.

Secondly, salary rises in enterprises under different forms of ownership varied widely. Compared with 1994, the rise in state-owned enterprises was 23 percent last year; and in collectives it was 13 percent. Enterprises under other forms of ownership recorded 29 percent, which was higher than that in state-owned and collective enterprises by 5 percentage points and 15 percentage points respectively. The net income of the self-employed outstripped the gains of those on a salary to register a 35 percent rise.

Thirdly, after taking inflation into account, the rate of growth of monthly incomes was over 7 percent in the first four months of the year. It fell back to 4 percent subsequently.

Fourthly, the income per head in larger cities was 1.56 times that in the counties with the average income per head in these cities exceeding the national average by 30 percent to stand to RMB 5059. Small counties, on the other hand, fell 16 percent below the national average to stand at RMB 3253 (about US\$ 391).

PRC: State Approves Mass Production of 'Bullet Train'

OW1702083296 Beijing XINHUA in English
0731 GMT 17 Feb 96

[FBIS Transcribed Text] Nanjing, February 17 (XINHUA) — The newly developed Dongfeng-11 diesel locomotive, also known as "China's bullet train", has been put into large-scale production after having gotten state approval.

The train is one of the key state projects of the Eighth Five-Year-Plan (1990-1995), and is capable of running at a speed of 180 kilometers per hour.

It has proved to be up to standards after having undergone trials on the Guangzhou-Shenzhen express railway line as well as on the Shanghai-Nanjing and Beijing-Qinhuangdao lines.

The Qishuyan Locomotive factory will produce 22 Dongfeng-11 diesel locomotives this year.

PRC: Ministry Approves High-Speed Domestic Train

OW1802121096 Beijing XINHUA in English
1005 GMT 18 Feb 96

[FBIS Transcribed Text] Nanjing, February 18 (XINHUA) — China's first high speed and air-conditioned double decker train has been given the green light by the Ministry of Railways.

The high speed double decker train, designated as a key research project in the country's Eighth Five-Year Period (1991-1995), has been developed at a rolling stock plant in Nanjing.

The train consists of 11 carriages, with soft-seat, cargo and dining carriages. It incorporates a series of new technologies such as state-of-the-art gearing and braking systems. It also boasts such features as smooth operation and low noise.

Since the train became operational in December, 1994 on the Guangzhou-Shenzhen railway line, it has travelled 200,000 kilometers, carrying 1.05 million passengers.

The new announcement means that the train has been proved to have reached required technical and economic standards.

PRC: Shanghai Holding Firms Increase State Asset Values

OW1902125396 Beijing XINHUA in English
1233 GMT 19 Feb 96

[FBIS Transcribed Text] Shanghai, February 19 (XINHUA) — China's biggest economic center has increased the value of state assets in the past few years by setting up 33 state-controlled holding firms and group companies.

Shanghai authorities empowered the companies to manage state assets in such fields as textile, instruments, electronics, commerce, and aquatic product industry. State assets of these companies account for about half of the total in Shanghai.

Through acquisitions, bankruptcies, and suspensions of production, the Shanghai Textile State Assets Co. Ltd. has reduced the number of entities in the red from 142 to 21 in the textile sector.

The Shanghai Lansheng (Group) Corporation developed catering services and tourism and took over a poker factory to expand state assets under its control by 10 percent in 1995.

The Shanghai Building Material (Group) Corporation has established 17 joint ventures with investments totalling 236 million U.S. dollars.

The Shanghai Instrument and Electronics State Asset Managing Corporation established a system to upgrade the management of state assets, as well as clarify the duties and responsibilities of share-holders in state assets.

Experts said that the establishment of the state-control holding companies has provided valuable experience in taking care of state assets in a market-oriented economy.

Finance & Banking

PRC: New Exchange Rules Promote Renminbi Convertibility

OW1902130696 Beijing ZHONGGUO XINWEN SHE
in Chinese 0949 GMT 6 Feb 96

["Economic Commentary" by ZXS reporter Yu Donghui (0151 2639 2545): "China Enacts New Regulations on Foreign Exchange Control To Promote the Process of Renminbi's Convertibility"]

[FBIS Translated Text] Beijing, 6 Feb (ZHONGGUO XINWEN SHE) — China recently promulgated new regulations on foreign exchange control, which will take effect on 1 April 1996. Authoritative sources from the State Administration of Exchange Control noted: the promulgation of the regulations is of significant importance to China in consolidating the successes in the reform of the foreign exchange control system, maintaining international payment equilibrium, and promoting the process of realizing the convertibility of the Renminbi under current accounts.

China promulgated the Interim Regulations on Foreign Exchange Control in 1980, at which time China was practicing a foreign exchange control system characterized by highly centralized and unified state control over exchange income and expenditure. The foreign exchange income of enterprises was all turned over to the state, which also examined and approved the foreign exchange they needed. The Bank of China was the only bank engaged in the foreign exchange business.

China's foreign exchange control system has undergone significant changes over the past few years. Beginning in 1994, in particular, China instituted the system of bank settlement of foreign exchange under current accounts, which allows conditional conversion of the Renminbi under current accounts; has established an interbank exchange market, which practices a unitary and managed floating exchange rate system that sets the Renminbi rates of exchange on the basis of market supply and demand; and has established a foreign exchange account under the capital account for strict control over foreign debts.

China has introduced a competition mechanism into the foreign exchange business since 1987. Presently, most banks in China are engaged in the foreign exchange business, and the number of operating units exceeds 2,500.

Obviously, the interim regulations promulgated 16 years are no longer suitable for the changing situation, and laws and regulations are urgently needed to govern the new system.

The basic point in the new regulations is the conditional convertibility under current accounts. According to the mid-term target for the reform of China's foreign exchange system, the regulations have set fairly relaxed conditions for foreign exchange income and expenditure under current accounts and more stringent control measures on those under capital accounts. This is not only a universal practice worldwide, but also a requirement at a stage in the course of establishing a socialist market economy in China — with China's present capability in macroeconomic regulation and control, relaxing control over foreign exchange under capital accounts may cause large amounts of capital inflow and outflow, thus pounding at the domestic economy.

Having relaxed the direct examination and approval of foreign exchange for enterprises, the new regulations have strengthened the supervision and administration of banking institutions by imposing more stringent control over the foreign exchange business operated by them. This will play a positive role in governing the foreign exchange business run by banking institutions and in looking out for risks in the foreign exchange business.

The new regulations have also integrated unity with flexibility. As an important means of the state in exercising macroeconomic regulation and control, foreign exchange control must have unity and stability. However, in view of the fact that China is still gradually deepening and promoting the reform of foreign exchange control system and new situations and problems will continue to emerge, the new regulations are formulated to suit the

needs of as many different situations as possible under the premise that the basic rules are complied with. Therefore, the regulations mainly stipulate the basic and principle contents adopted since the practice of the new foreign exchange system; the contents for concrete operations will be governed by coordinated administrative laws and regulations.

PRC: Jan Industrial, Commercial Tax Revenue Sets Record

OW1602141896 Beijing XINHUA in English
1324 GMT 16 Feb 96

[FBIS Transcribed Text] Beijing, February 16 (XINHUA) — The national industrial and commercial tax revenue for January reached a record high of 50.1 billion yuan, up 16 billion yuan, or 48 percent, over the same period of last year.

The industrial and commercial tax revenue collected by the State Administration of Taxation's branches accounted for 33.4 billion yuan, or 47.5 percent more than in the previous year same period.

Taxes collected by the local taxation departments reached 16.7 billion yuan, an increase of 48.9 percent.

The industrial and commercial tax revenue of the central government jumped by 53.9 percent over the same period of last year to 24 billion yuan.

The growth rate, a record high since 1994, when the current taxation system was introduced, is 11.1 percentage points higher than that of local governments' tax revenue.

Experts attributed the rapid growth to the country's stable economic development and the fact that the situation in many state-owned enterprises has taken a turn for the better.

They said the sales revenue from several major tax sources doubled during the first month of this year.

***PRC: Foreign Capital, Trends, Problems**

96CE0127A Beijing JINGJI CANKAO BAO
in Chinese 19 Dec 95 p 1

[Article by Chen Mingxing (7115 2494 2502): "A Decisive Look at Foreign Capital — An Analysis of the Amount and Structure of the Foreign Capital That We Are Going To Use in 1996"]

[FBIS Translated Text] A Basic Assessment of Our Foreign Capital Usage

To basically assess the foreign capital that China is going to use in 1996, we need to comprehensively consider the following factors:

1. China's rapid economic growth has built up a huge investment potential. Since 1978, China's rapid economic growth, as to its sustained time and high rate, has been unique and far ahead of the economic growth of all other countries during the same period. From 1991 to 1994, China's GDP growth rate averaged 12.1 percent, far higher than that of the faster-growing developed nations for the period. So our rapid economic growth, giving us greater and more modern demand, is not only a business challenge, but even more so an opportunity.

2. While international capital demand is brisk, capital flow volume is also somewhat up. As capital demand is now high everywhere throughout the world, there is going to be ever sharper competition to attract capital for some time to come. But we also need to realize that international capital flow is also growing, with 1993 having seen direct overseas investment by multinational corporations reaching \$195 billion, as well as international capital market financing of \$800 billion, up respectively from 1992 by 14 percent and 33 percent, which shows the huge international capital market potential.

3. While our domestic matching capital is tight, our monetary policy is going to undergo structural adjustment. In the third quarter of 1993, to curb excessive monetary demand, our government instituted a tight monetary investment policy, which left some foreign-invested projects in 1993 and 1994 delayed or cancelled due to the lack of matching domestic capital. But as our tight monetary policy is now essentially succeeding in bringing prices back down month after month, while enterprise capital shortages are growing ever more glaring, we project that starting in the first half of 1996, our monetary policy will be somewhat eased structurally premised on overall stability, so that the matching domestic capital for foreign-invested projects will be better supplied.

4. The government is adjusting our policy on the use of foreign capital to make it tighter in places and looser in others. China's Government has recently been making appropriate adjustments in our policy on the use of foreign capital. As to overseas borrowing, in light of the rapid growth of China's foreign debt balance in recent years, particularly the sharp increase in fundraising that is not under the control of state planning, the government instituted in 1995 an all-out planned management of outside borrowing and fundraising, as well as relatively concentrating external borrowing and bond offerings in the hands of several more credit-worthy domestic financial institutions. But as to foreign investment, we are opening up a number of fields to foreign investors that were previously closed, such as air

transport, general aviation, commerce, commodity supply and marketing, foreign trade, banking, insurance, securities, accounting, auditing, legal advisory service, the mining, smelting, and refining of precious metals, and the prospecting, mining, and refining of precious non-metals such as diamonds and other natural gems. We are actively studying ways to draw on the internationally practiced build—operate—transfer (BOT) investment form, to speed up our infrastructure construction.

5. Foreign investment confidence in China is up. For the two years of 1992 and 1993, while our real dollar growth of direct foreign investment reached the amazing rate of 150 percent, the agreement-fulfillment [performance] rate for those two years was only 20 percent, showing that roughly 40 percent of the capital, or \$68 billion for the two years combined, was still watching and waiting. But for the first halves of 1994 and 1995, our real growth of direct foreign investment resumed its normal level. Since 1992, while our foreign investment performance rate has been improving steadily year after year, there is still a certain gap with what it was in the Seventh Five-Year Plan, showing that there is still a definite potential.

In short, in consideration of our operations for the first half of 1995, we hold that China's real use of foreign capital in 1995 and 1996 will still maintain normal growth. This means that our 1995 overseas borrowing and foreign investment are likely to be up respectively around 10 percent and 5 percent, to reach respectively \$10 billion and \$35.5 billion, with our 1996 overseas borrowing and foreign investment both likely to be up 10 percent, to reach respectively \$11 billion and \$39 billion (as China's overseas borrowing in 1994 was down somewhat from 1993, the 1996 growth is likely to be higher), so that China is actually going to use in 1996 about \$50 billion of foreign capital.

A Structural Analysis of Our Foreign Capital Usage

So with that amount established, we can better project the structure of the foreign capital that China is going to use in 1996.

1. Ever since reform and opening, the direct foreign investment in China has been concentrated in our coastal zone. But since the beginning of the 1990s, as China's economic development focus has gradually shifted westward, foreign investment enthusiasm for central and western China has started to grow. From 1991 to 1994, the ratio of foreign investment in China's coastal zone dropped from 92.5 percent to 87.8 percent, and is projected to fall further in 1996 to 80 percent, or \$31.2 billion, while the inland ratio is up to 20 percent, or \$7.8 billion.

2. With the foreign investment in China's primary, secondary, and tertiary industries always having been in a general ratio of 1:49:50, we project that this order will continue for 1996, meaning that the foreign investment in our primary, secondary, and tertiary industries will be respectively \$500 million, \$19 billion, and \$19.5 billion.

3. In recent years, as the shift of labor-intensive industries from Hong Kong, Macao, and Taiwan to Mainland China has been essentially completed, the ratio of China's foreign investment from those places is falling steadily, being projected to continue to fall in 1996 to 65 percent, or \$25.4 billion. As the United States economic recovery will peak in 1996, its investment abroad will grow correspondingly, being projected to grow to 10 percent of our foreign investment, or \$4 billion. But as the earthquake in Kobe Japan will mean reconstruction funding of approximately \$50 billion, the Japanese ratio of China's foreign investment will fall correspondingly to 5 percent, or \$1.9 billion. That will leave the ratio from other countries and regions at around 20 percent, or a capital investment of \$7.7 billion.

Key Problems in Our Foreign Capital Usage

Our foreign borrowing use efficiency is quite poor. Most of China's current overseas borrowing is signed for or secured by government sectors (such as the Finance and Foreign Economic and Trade Ministries) and state special banks, and then reloaned to state enterprises. But as our state enterprises still have no effective restraint forces as to rights, responsibilities, and profits, their loan use efficiency is poor. For instance, in comparing the gross per unit asset-profit rates for industrial enterprises of all economic categories throughout China in 1994, state enterprise efficiency was worst at only 2.15 percent, which index was 34.9 percent for joint-stock enterprises, 51.9 percent for FIEs [Foreign Investment Enterprise], and 66.4 percent for collective enterprises. While China's current debt indexes are still quite low, with our 1994 debt service ratio at 9.1 percent and our debt rate at 77.8 percent, far below the internationally accepted debt safety warning lines of 20 percent and 100 percent, our poor project efficiency and limited export earnings capacity mean that structural solvency problems have appeared. This problem needs much attention.

The three kinds of foreign trade enterprises have too many preferences. China's preferential terms for the three kinds of foreign trade enterprises are quite complete, going all the way from entry, investment, operation, production, sales, and taxation to areas such as foreign capital withdrawal and profit outward-remittance, so could be called everything that one would expect to find. But on market economy terms, this highly prefer-

ential policy enjoyed by the three kinds of foreign trade enterprises can very quickly be converted into a huge competitive advantage. So faced with competitors with such great advantages, even when our state enterprises have completed all of their reforms to acquire highly effective incentive and restraint forces combining rights, duties, and interests, we still cannot expect them to be sustained, equal, and effective market competitors with the three kinds of foreign trade enterprises.

So as our market economy system and our order of openness to the outside world are essentially established, we will need to gradually shrink the preference gap between our national enterprises and the three kinds of foreign trade enterprises, so that they can compete on equal terms and grow together. Otherwise, China's national enterprises will be faced with a survival crisis.

***PRC: Foreign Capital Worked Well in 1995**

96CE0127B Beijing JINRONG SHIBAO in Chinese
7 Jan 96 p 1

[Article by Ba Ren (1572 0086): "China's 1995 Foreign Capital Usage Was Good, With Around \$43 Billion of Foreign Capital Used, the Amount and Structure More Rational, and Efficiency Up"]

[FBIS Translated Text] I have learned from the pertinent ministries and commissions that China used about \$43 billion of foreign capital in 1995, with not only that amount of foreign capital usage ranking us first among developing countries, but also our foreign capital usage structure has grown at a more steadily optimum level and our efficiency has gradually improved.

In 1995, China tightened and improved our macroeconomic control of overseas loans, by keeping the amount growing appropriately, and improving somewhat our use of structure and efficiency. It is estimated that in 1995 we borrowed from overseas \$13.15 billion, this included foreign government and international financial institution loans which were up respectively 30 percent and 19.3 percent from 1994. Due to our more abundant state foreign exchange reserves, with State Council approval, we used foreign exchange reserves in place of some commercial loans, reducing somewhat our commercial borrowing in 1995. During the Eighth Five-Year Plan, our overseas borrowing amounted to approximately \$56 billion, up around 40 percent from the Seventh Five-Year Plan.

In 1995, China also maintained a good momentum in attracting direct foreign investment. The data for the first three quarters show that China approved 23,664 foreign-invested projects, signing agreements for foreign capital usage of \$48 billion, and actually spending \$25.2 billion of foreign capital. While those figures were

down somewhat from their peak in 1994, they were still high. Meanwhile, our investment structure was better, with capital and technology-intensive projects up, labor-intensive ones down, and our excessive real estate investment momentum curbed. The countries and regions that are our foreign investment sources were more diverse, as well as distributed more rationally, with overseas firms from more than 170 countries and regions, or about 20 more than in 1994, investing in Mainland China.

To keep our importing of foreign capital in line with our state industrial policy, the State Planning Commission (SPC), State Economic and Trade Commission, and Ministry of Economics and Trade published in 1995 the "Interim Regulations on Guiding Foreign Investment Orientation" and the "Guidance List for Foreign-Invested Industries." As this was the first time that China had published the various fields in which we encourage, limit, and prohibit foreign investment, obviously expanding our limits of encouraged foreign investment from their previous grounds, and broadening our fields that are open to the outside world, it had strong repercussions both in China and abroad. In addition, the SPC, Ministry of Energy Resources, and Ministry of Communications also issued a "Circular on Issues Involved in Managing the Examination and Approval of Experimental Foreign-Invested Franchise Projects," to introduce the BOT [build, operate, transfer] investment form to China's urgently needed infrastructure construction. The experimental work is smoothly underway on China's first BOT pilot project, the B Power Plant in Laibin, Guangxi, with outside investors pouring in, and construction projected to start by the end of 1996.

It is understood that by the end of 1995, China's mid- and long-term overseas loans had approached \$110 billion. Our loan use orientation and percentages are as follows: energy 29 percent; raw materials 20 percent; communications 17 percent; machinery, electronics, and light textiles 14 percent; farm water conservancy, urban construction, and environmental protection 8 percent; and others 12 percent. With borrowed overseas capital and matching domestic funds, we have built up to 10,000 projects.

Meanwhile, our overseas capital borrowing channels have steadily expanded, with our lending sources and market structure tending to grow more rational. The Chinese Government has established bilateral governmental lending relations with 20 major countries, as well as engaging in stable, long-term, and large-scale lending cooperation with international financial institutions such as the World Bank and the Asian Development Bank. In 1995, we developed new funding channels such as general loans from the Asian Banking Association, the U.S.

Import-Export Bank, the European Development Bank, and the Japanese Overseas Aid Fund. In addition, China has made widespread use of international money market fundraising, using foreign capital in diverse forms such as external bank loans, issuing bonds overseas, using export credits, and engaging in international leasing.

***PRC: Implementation of BOT Pilot Projects**

96CE0127C Beijing ZHONGGUO SHUIWU BAO
in Chinese 8 Jan 96 p 2

[Article by Xu Chengzhi (1776 7488 1807): "BOT: Lifting the Veil"]

[FBIS Translated Text] On 7 December 1995, the B Power Plant in Laibin, Guangxi, China's first SPC [State Planning Commission]-approved BOT pilot project, officially started offering overseas tenders, showing that the BOT investment form has entered the field of Chinese infrastructure construction.

The Hesitant BOT

BOT is the abbreviation for "Build—Operate—Transfer." It means that in the infrastructure construction field, foreign firms can invest in contracting certain crucial projects for another country and then, once the projects are built, can manage and operate them for a given number of years within contract terms, after which the whole projects are transferred and owned by the host country. By the late 1970's, this model was already prevalent in the West.

In 1994, in China's expressway field, there were three BOT foreshadowings: 1) While the operating rights to the once media-"pumped" Chengdu-Chongqing Expressway in Sichuan were to be sold to Lee Chia-cheng [2621 0857 6134] [Hong Kong financier] for 4 billion yuan, the deal ultimately was temporarily shelved due to factors such as asset appraisals; 2) While Shanxi's Taiyang Expressway was to be built as a U.S.-Chinese joint venture, a year after the joint venture was registered, not a penny of the U.S.-promised foreign capital equivalent to 1.5 billion RMB had been paid; 3) Beijing Municipality assigned the Beijing-Tongxian Expressway to an intermediate agency to find a foreign investor to contract and build it in BOT form. While its progress has not been smooth, that the BOT form could show up in heartland China foreshadows per se a crucial change that is about to occur in China's infrastructure field.

In contrast, the actions of the people of Guangdong seem steady and solid. They were the first in China to explore BOT financing. In 1983, Hong Kong citizen, Hu Ying-hsiang [5170 2019 3276] and his flagship Ho-Chi Group invested in the construction in Shenzhen of

the "Shajiao B Power Plant," contracting and building Mainland China's first BOT project. While it has not yet alarmed the SPC, Zhongshan City has used the BOT form to sell for \$23 million the over-20-km mid-section of the Guangdong-Zhuhai Expressway to an investment company composed of overseas Chinese and Hong Kong and Macao campatriots all originally from Zhongshan. This project is proceeding very smoothly. For 15 years, that investment company will acquire all the profits from the operation of the highway, after which its property, operating, and income rights will all be transferred to China. Having so benefited, Zhongshan City is continuing to use this foreign investment form, selling to foreign operation for 15 years at over \$40 million the Qi-Guan and Qi-Jiang highways.

What Will BOT Offer Us?

Having already been prevalent in the West by the late 1970s, the BOT model today is being even more widely used by developing countries. The prevalence of this model is due to its reducing government outlay to improve balance of payments, reducing government debt to improve the government debt situation, and giving government the proper investment returns (such as bonuses and capital gains) so that it can transfer the responsibility for infrastructure project construction and operation to private enterprise, which lightens government burdens while spurring private enterprise initiative.

While infrastructure construction often demands a large lump-sum investment, with a slow capital recovery rate and quite high risk, infrastructures are a prerequisite for economic growth. China's investment field is now seeing player diversification, capital decentralization, investment marketization [commercialization], and increased foreign investment. With the obviously lower state capability to budget investment support for infrastructure projects, banks lending money are similarly finding it hard to meet the huge investment demand for infrastructure construction and, in light of the "macroclimate" of moderately tight macroeconomic regulation and control over fiscal and monetary policy, such current conditions mean that the BOT model of financing infrastructure construction is exceptionally crucial.

As BOT financing is done on the international market, it does not add to the financial burden on the Chinese Government. In contrast to our traditional foreign investment channels, it is more flexible, with features such as lower financing costs, larger financing capital, and longer financing terms. BOT financing can provide China with advantages such as advanced overseas designs, construction techniques, project management expertise, and post-construction production and operating

methods and technologies. Due to its operating principle of whoever borrows and spends the money repays it, it will help to improve China's investment management system in which construction is emphasized over operation, as well as to raise the economic efficiency and public benefits of our infrastructure projects.

Pilot Projects First, With Cautious BOT Promotion

As infrastructure projects affect the overall national economy and security, the governments of all countries place strict limitations on the access of foreign capital to such industries. China has long denied access to this field by non-state economic components, particularly foreign investors. At a special meeting on "Infrastructures and BOT" of the 11th Pacific Economic Cooperation Council, SPC Vice Minister Gan Ziyu noted that in today's world where new investment and financing forms are not emerging in large numbers from the international capital market, China's job in attracting foreign investment is facing certain new problems. So to meet new Chinese needs for continuing to attract more foreign investment and steadily expanding our foreign investment fields, in addition to our original forms of Sino-foreign joint ventures, contractual joint ventures, and wholly foreign ownership, it has become essential for China to practice this new BOT form of attracting foreign investment, as a means of attracting foreign investment to China's infrastructure and basic industry construction. But as BOT is a complex kind of systems engineering, involving many areas and placing high demands on our economic and legal climates, we need to first acquire experience through pilot projects. So in line with Chinese realities, we are limiting BOT pilot projects to ones such as thermal power plants of 2 X 300,000 kilowatts and above, hydropower plants below 250,000 kilowatts, 30-80 km expressways, free-standing bridges and independent tunnels of over 1,000 m, and urban water supply plants. In addition, upon studies of the implementation of the BOT investment form by other countries and pertinent legislation, the "Interim Regulations on Chartered Foreign Investment Projects" that the SPC took the lead in drafting were submitted recently to the State Council for examination and approval, with the objective being to standardize the operation of the BOT investment form in China.

During the Ninth Five-Year Plan, as one of China's economic development priorities is to speed up our basic industry and infrastructure construction, attracting large amounts of foreign capital to this field is a task of top priority. It is understood that for over a year now, with the help of international organizations and agencies such as the World Bank and the UN Industrial Development Organization, we have been holding in Beijing a number

of international symposiums on the BOT investment form. Moreover, we have been training the pertinent personnel from certain local planning commissions and related sectors, to lay a certain foundation for China's implementation of BOT projects.

But in any case, as BOT is still in its infancy in China, we hope that it will mature soundly.

Foreign Trade & Investment

PRC: Report on China's IPR Protection Efforts *OW1602131996*

[FBIS Report] The following are summaries of reports on China's progress in protecting intellectual property rights monitored by Okinawa Bureau from 25 January to 14 February. The sources are noted in parentheses after each report.

Hunan Protects Copyright

On 24 January, Vice Governor of Hunan Zheng Peimin attended and spoke at the provincial meeting on publication work and protection of copyright. Zheng Peimin emphatically pointed out the need to strengthen the administration of publication work and protection of intellectual property rights. (Changsha HUNAN RIBAO in Chinese 25 Jan 96)

Guangdong Destroys Illegal Audio-Video Products

"Destroying Pirated Audio-Video Products Activity Day" was held in Guangzhou City on 26 January. Since 1994, the province has conducted eight general investigations and confiscated more than 2 million pieces of pirated audio-video products. It was learned that the Guangdong Provincial People's Government will promulgate the "provincial regulations on the administration of audio-video products" in the first quarter of this year. (Guangzhou NANFANG RIBAO in Chinese 27 Jan 96)

Sichuan Cracks Down on Illegal Laser Discs, CD's

The Sichuan Provincial Copyright Bureau 1 February inspected the Changhuangmiao and Dafa Electronics Products Market in Chengdu City and confiscated more than 60 illegal laser disks and more than 170 compact discs. A responsible person of the provincial copyright bureau held that the results of the inspection showed that, through continuous efforts to protect intellectual property rights, operators have gradually enhanced their consciousness of copyright. (Chengdu Sichuan Provincial Television Network in Mandarin 1145 GMT 1 Feb 96)

Tibet Cracks Down on Illegal Videotapes

The Shannan Prefecture Committee for the Administration of Cultural Market, Administration for Industry and Commerce, and Public Security Department 24 January jointly inspected video rental stores and confiscated a number of illegal videotapes. (Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 4 Feb 96)

Guangdong Protects Intellectual Property Rights

The Guangdong Provincial Office for Protecting Intellectual Property Rights held a news briefing in Guangzhou City on the morning of 6 February to announce progress made by the province in protecting intellectual property rights during 1995. It was learned that in 1995 concerned departments of the province confiscated more than 480,000 audio-video cassette tapes. In addition, the provincial administration for industry and commerce handled 1,875 cases of violating the trademark law and confiscated more than 25.41 million fake brand names. (Guangzhou Guangdong People's Radio Network 1000 GMT 6 Feb 96)

Ministry of Internal Trade Promotes Authentic Products

The Ministry of Internal Trade unfolded activities of "having no fake products in 100 cities and 10,000 stores" since December last year with significant results. It has hired many inspectors and checked more than 20,000 kinds of commodities to protect consumers' interests. (Beijing XINHUA Domestic Service in Chinese 0831 GMT 7 Feb 96)

Beijing Customs Confiscates Illegal Publications, Tapes

The Beijing Customs strengthened efforts to crack down on the smuggling of commodities in 1995. It was learned that Beijing Customs confiscated some 93,000 illegal pieces of printed matter and some 18,000 illegal audio-video tapes and laser discs in 1995. (Beijing XINHUA Domestic Service in Chinese 2053 GMT 8 Feb 96)

Hong Kong Firm Hails China's Protection of Trade Mark

The Hong Kong Tedu International Machinery Company recently wrote a letter to the State Council Office for Protecting Intellectual Property Rights to praise concerned departments of Hunan Province and Hengyang City for the prompt investigating and handling of the case of the violation of the trade mark of its Balma brand air compressor. A large number of air compressors produced by Hengyang City's Chengnan Liming Air Compressor Plant, which illegally used the Balma trade mark, were confiscated and sealed up by the provin-

cial and city administrations for industry and commerce in November last year. (Beijing XINHUA Hong Kong Service in Chinese 0826 GMT 8 Feb 96)

Shanghai Protects Intellectual Property Rights

Shanghai Municipality has attached importance to protecting intellectual property rights and taken strong measures against cases of infringing upon trade mark rights. Shanghai handled 365 cases of imitating trade marks, of which four serious cases were investigated by judicial organizations for criminal responsibility. Shanghai stressed investigating the illegal use of foreign trade marks and 69 such cases were investigated and handled. Violators were severely punished. (Beijing XINHUA Domestic Service in Chinese 0258 GMT 9 Feb 96)

China Achieved Good Results in Protecting IPR Last Year

In 1995, concerned departments in China made great efforts to protect intellectual property rights and publicize knowledge of intellectual property rights. According to incomplete statistics, public security and procuratorial organizations in the country confiscated and destroyed more than 20 million pirated laser discs, more than 40,000 sets of software, more than 800,000 videotapes, and more than 480,000 books. In addition, administrations for industry and commerce handled more than 9,000 cases of infringing upon trade mark rights. Chinese legal experts believe that with the constant improvement of China's legal system, the level of protecting intellectual property rights will be further raised, reaching the international standard. (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0835 GMT 11 Feb 96)

Tianjin Cracks Down on Illegal Audio-Video Products

Since the end of last year, Tianjin Municipality has launched extensive efforts to crack down on illegal audio-video products. Today, more than 60,000 confiscated audio-video products were burned. (Beijing XINHUA Domestic Service in Chinese 1306 GMT 14 Feb 96)

Jiangsu Cracks Down on Illegal Audio-Video Products

The provincial inspection team for wiping out pornography and cracking down on illegal audio-video products recently investigated the results of wiping out pornography and cracking down on illegal audio-video products during the past 10 months. The number of cases of infringing upon intellectual property rights and pirating

audio- video and electronics products has been significantly reduced. In Nanjing City alone, 36 laser disc showing places were ordered to close and more than 30,000 illegal audio-video products were confiscated. (Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 14 Feb 96)

PRC: Import Rules Tightened on Special-Duty Vehicles

OW1702115396 Beijing ZHONGGUO XINWEN SHE in English 0336 GMT 17 Feb 96

[FBIS Transcribed Text] Beijing, February 17 (CNS) — The Taxation Rules Committee under the State Council, the General Administration of Customs and the State Electro-Mechanical Import Office recently promulgated regulations concerning the importation of special duty motor-driven vehicles in a bid to prohibit private cars imported under the guise of these vehicles.

According to the regulations, special duty vehicles refer to those that are specially manufactured or modified for a particular purpose.

A commodity name and code system will be applied in the appraisal process and to customs management as well as to taxation in respect of the importation of automobiles including special duty vehicles.

Under the system, imported vehicles not classified as special duty vehicles will not be subject to the appraisal, taxation and inspection procedures set for special duty vehicles.

Private cars and other automobiles imported for modification into special duty vehicles will be subject to the appraisal and taxation procedures tailored for non special duty vehicles.

The issuing of import permits and the levying of tariffs will vary according to the type of vehicle under consideration.

PRC: Ministry Regulations Further Open Construction Market

OW1602171196 Beijing ZHONGGUO XINWEN SHE in English 1142 GMT 16 Feb 96

[FBIS Transcribed Text] Beijing, February 16 (CNS) — China's construction market has become more open to the outside world.

Overseas construction companies, whose qualifications have been ratified by relevant Chinese administrations, can now become project contractors in the mainland, according to regulations recently announced by the Ministry of Construction.

Projects, which are invested with foreign loans or donations as well as by International Monetary Fund loans, are all open to foreign tenderers.

Foreign firms can also get involved in projects as partners when technological obstacles prevent the sole participation of domestic companies.

In October 1995, the Ministry of Construction and the Ministry of Foreign Trade and Economic Co-operation jointly approved a regulation allowing overseas construction companies to set up joint ventures in this particular field in China.

So far 137 foreign companies have contracted 141 construction projects in the mainland, of these the largest is invested with RMB [Renminbi] 2.77 billion. Joint ventures in this field almost amount to 2,000.

Dozens of top international construction companies have entered China's domestic market.

PRC: Foreign Listing of State Enterprises To Continue

OW1902105196 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1035 GMT 6 Feb 96

[FBIS Translated Text] Hong Kong, 6 Feb (ZHONGGUO TONGXUN SHE) — Following the recent listing in Hong Kong of Shanxi's Jingwei Textile Company, 17 more selected Chinese companies are actively preparing for listing abroad, according to an official of the China Securities Control Commission in charge of international business. It was learned that China's policy of listing Chinese companies overseas on a trial basis will remain unchanged and that work relevant to the listing is proceeding smoothly.

Since Qingdao Brewery became the first state enterprise to list in Hong Kong in July 1993, 20 state enterprises have successfully listed abroad in the last two years plus. They include H-shares companies listed in Hong Kong and N-shares companies listed in the United States. Some HK\$28 billion of capital have been raised.

Earlier, China made public the names of three groups of state enterprises selected for listing abroad, including 17 enterprises yet to be listed. The number of state-owned companies to be listed in Hong Kong this year will be greater than that in 1995, according to this official. The namelist of the companies to be listed in 1996 has yet to be determined. The namelist of the fourth group of companies to be listed abroad may be made public gradually while preparations are made for listing the 17 companies contained in the first three groups.

The selected enterprises which have not been listed abroad include: Guangdong Foshan Ceramics, Xiong-

mao Electronics, Guangshen Railway, Xifei International, Nanfang Airlines, Dongfang Airlines, Shandong Zouxian County Power Plant, Datang Power Generators, Tianjin Steel Tube Plant, the Second Automobile Manufacturing Plant, Wuhan Steel, Tianjin Traditional Chinese Pharmaceutical Plant, Shandong Xinhua Pharmaceutical Plant, Guangdong Kelong Electrical Appliance, the First Automobile Manufacturing Plant, Shenzhen Expressway, and Wantong Expressway.

It was learned that China continues to take a prudent attitude in developing securities capital markets on a trial basis. Its policy of listing abroad on a trial basis remains unchanged. It is actively reviewing the experience to produce more fruitful results.

Currently, the China Securities Control Commission is preparing to sign memorandums with relevant securities exchange commissions abroad. The Shanghai Securities Exchange is negotiating with the Australian Securities Exchange on the details of a cooperation memorandum.

Separately, Yang Xianghai, president of the Shanghai Securities Exchange, indicated that the exchange will strengthen cooperation with Hong Kong's Joint Securities Exchange, Securities Control Commission, and investment banks to create conditions for the two exchanges to list on each other.

The Bai-fu-lo [name as transliterated] Securities Company, which took an active part in the listing of state-owned enterprises, said: The question of China's macroeconomic regulation and control and triangle debts is being resolved gradually, and this will create favorable conditions for listing state enterprises and for improving their business. It is expected that state-owned enterprises will outperform the market in the future.

PRC: Import Rules Tightened on Special-Duty Vehicles

OW1702115396 Beijing ZHONGGUO XINWEN SHE in English 0336 GMT 17 Feb 96

[FBIS Transcribed Text] Beijing, February 17 (CNS) — The Taxation Rules Committee under the State Council, the General Administration of Customs and the State Electro-Mechanical Import Office recently promulgated regulations concerning the importation of special duty motor-driven vehicles in a bid to prohibit private cars imported under the guise of these vehicles.

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as well as to taxation in respect of the importation of automobiles including special duty vehicles.

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Private cars and other automobiles imported for modification into special duty vehicles will be subject to the appraisal and taxation procedures tailored for non special duty vehicles.

The issuing of import permits and the levying of tariffs will vary according to the type of vehicle under consideration.

PRC: Bonded Business Benefits Jiangsu Foreign Trade

OW1902075396 Beijing XINHUA in English 0704 GMT 19 Feb 96

[FBIS Transcribed Text] Nanjing, February 19 (XINHUA) — Foreign trade has gained many benefits from bonded business in east China's Jiangsu Province.

In 1995, Jiangsu, one of China's economic powerhouses, had 48,400 bonded contracts, valued at 41.56 billion yuan, making it the second largest bonded trade province in China following Guangdong, official statistics show.

Jiangsu has 219 bonded factories, 71 bonded warehouses and 12 bonded trade enterprise groups, leading other provinces in China.

Jiangsu has developed bonded business because processing with imported materials accounts for a large segment of foreign trade, which has averaged a growth rate of more than 30 percent since 1990.

To help the expansion of bonded trade, local customs have assessed credit and risks in enterprises involved in bonded trade and enforcement of regulations has also been strengthened.

While allowing the best enterprises in bonded trade to discipline themselves in 1995, customs officials made more efforts to check others and have collected 280 million yuan of tariffs in arrears, doubling the figure for 1994.

In Suzhou, where there is an industrial park sponsored by the Chinese and Singapore governments, the customs department has set up a special system to make the import of materials convenient and ensure the collection of tariffs.

PRC: Banks Lend to Foreign, Joint-Venture Firms
OW1702115596 Beijing ZHONGGUO XINWEN SHE
in English 0336 GMT 17 Feb 96

[FBIS Transcribed Text] Beijing, February 17 (CNS) — Chinese financial institutions will continue to support foreign owned firms and joint ventures with loans, according to sources close to the People's Bank of China (PBoC).

By the end of 1995, the balance outstanding in this regard stood at RMB [Renminbi] 99.56 billion (about US\$ 11.97 billion), up by RMB 20.33 billion (about US\$ 2.44 billion) or 27.6 percent over 1994, according to PBoC statistics.

So far, of all Renminbi loans made to foreign businesses, almost 50 percent have come from the Bank of China. In 1995, the bank lent RMB 69 billion (US\$ 8.293 billion) and over US\$ 4 billion to foreign funded firms particularly those in the raw material, chemical and machine-building industries.

Now around 150,000 foreign funded enterprises have accounts with the Bank of China; of these over 20,000 were granted loans by the Bank.

By the end of 1994, the Bank of China lent loans of US\$ 21 billion and RMB 259.3 billion (about US\$ 31.166 billion) to foreign business firms to bring the balance outstanding to RMB 45.4 billion (about US\$ 5.46 billion).

An official from the Bank said that it would continue to play an active role in supporting China-based foreign enterprises particularly those in the energy, communications and power industries as well as high-tech and export-oriented firms.

Over the past few years, the number of overseas invested projects and the amount of capital injected by them have increased substantially.

Official statistics reveal that, so far, China has approved close to 259,000 foreign investment projects with aggregated capital utilization of US\$ 135.4 billion.

So far, some 120,000 foreign firms have set up in business; most of them have proved profitable.

The State Administration of Taxation also announced that profits taxes paid by foreign invested or owned businesses amounted to RMB 7.567 billion (about US\$ 909.50 million) in 1995, a rise of 57.1 percent over 1994.

PRC: Li Peng Hails Agreement To Buy 3 Airbus-340's

OW1702141096 Beijing XINHUA in English
1351 GMT 17 Feb 96

[FBIS Transcribed Text] Beijing, February 17 (XINHUA) — Air China, the country's largest airline, today signed an agreement with the European Airbus Industry Consortium to buy three A-340s.

The signing ceremony, held at the Great Hall of the People here, was attended by Chinese Premier Li Peng.

Prior to the ceremony, the premier met with Von Tein, Airbus' chief executive officer, and diplomats from Germany, France, Britain, Spain and the European Union, and held "warm and friendly" talks with them.

Li extended congratulations on the agreement reached between the Chinese airline and the Airbus consortium, saying this is yet another proof of the good beginning of co-operation between China and the European aviation industry in recent years.

He said that with the development of reform and opening up, and of the modernization construction, China's civil aviation also made headway in both passenger and cargo transportation.

"This high growth rate will continue in the next five years," he predicted, adding this "opens broad prospects for China's co-operation with foreign countries in this field."

The Airbus consortium groups companies from France, Germany, Britain and Spain. China's co-operation with Airbus, in a broader sense, is its co-operation with the European Union as a whole, the premier noted.

He said he hoped that Airbus would raise its competitiveness and further expand the scale of its co-operation with China.

He pointed out that China plans to build its own 100-120 seat airplane through international co-operation and utilization of mature technology. "We welcome Airbus' participation, bringing its own advantages," Li said.

PRC: Zou Jiahua Meets Dow Chemical President

OW1602130696 Beijing XINHUA in English
1225 GMT 16 Feb 96

[FBIS Transcribed Text] Beijing, February 16 (XINHUA) — Chinese Vice-Premier Zou Jiahua met William S. Stavropoulos, president of the Dow Chemical Company of the United States here today.

Stavropoulos said that he held frank and effective talks with relevant Chinese departments about the chemical

industry. He said he had a better understanding of the fact that the development of the industry is a major aspect in China's new five-year plan and the program for the next 15 years.

He also noted that the business his company is doing in China can meet the needs of the development of China's chemical industry.

Stravropoulos added that his company hopes to increase the pace at which it is entering China's chemical market and to have long-term cooperation with China.

To reach that goal, he said, the company is making an Asia-Pacific strategy and in the coming decade, plans to pour major investment into Asia, especially in China.

Zou said he was happy with Dow Chemical's wish to further cooperate with China in chemical industry development in line with China's opening-up policy.

With the development of China's economy and the improvement of its people's living standards, Zou pointed out, China's needs for chemical products will expand. China, he added, will mainly depend on itself while strengthening cooperation with foreign countries in the sector.

He invited the Dow Chemical Company to further expand its business in China on the basis of equality and mutual benefit.

The U.S. visitors came here at the invitation of China's State Planning Commission.

PRC: Fujian Plans To Boost Foreign Trade Noted
OW1902012796 Beijing XINHUA in English
0112 GMT 19 Feb 96

[FBIS Transcribed Text] Fuzhou, February 19 (XINHUA) — East China's Fujian Province plans to import and export goods worth 30 billion US dollars by the year 2000, the Fujian Commission of Foreign Trade and Economic Cooperation has said.

Of the total, 18 million dollars will be exports and there will be 12 billion dollars of imports.

The province imported and exported goods worth more than 48 billion dollars during the Eighth Five-Year Plan period (1991-1995). Its gross foreign trade volume reached 14.67 billion US dollars last year, ranking fourth in the country following Guangdong, Shanghai and Jiangsu.

The province has established trade relations with over 150 countries and regions.

PRC: Shanghai Agent for Israeli Software Anti-piracy System

OW1902125696 Beijing XINHUA in English
1210 GMT 19 Feb 96

[FBIS Transcribed Text] Shanghai, February 19 (XINHUA) — Israel's Aladdin Knowledge Systems Ltd chose the Shanghai Research Institute of Light Industry as agent for its HASP, a software anti-piracy system, recently.

The system can prevent piracy and the illegal use of its software, and is being used in more than 60 countries and regions, with sales of more than 10 million U.S. dollars.

Its customers include Lattice, Philips, AT&T, IBM, Digital, and Toshiba.

Software piracy has been responsible for at least 15 billion dollars in losses to developers, according to recent statistics of the Software Publishers Association and the Business Software Alliance.

Shanghai has the largest number of computer users in China, with computer sales reaching 4.5 billion yuan last year, and software sales 800 million yuan.

But, software piracy also exists, and the city's anti-piracy technology, that is badly needed, is still not good enough.

The city has decided to use imported software anti-piracy systems, while working on ways of developing such systems.

This gives Aladdin a good opportunity in this software protection system market, said the company's sales manager.

PRC: Shanghai To Triple Size of Foreign Trade Area

OW1602170996 Beijing ZHONGGUO XINWEN SHE
in English 1204 GMT 16 Feb 96

[FBIS Transcribed Text] Shanghai, February 16 (CNS) — The area of Shanghai where foreign trade companies most congregate is set to triple in size. At the Spring Festival Shanghai Consular Corps Banquet, Jiang Liang, Acting Director of Changning District in Shanghai, informed the 21 consular officials that financial concerns from Hong Kong, Macau, Taiwan, Japan and Southeast Asia would invest several billion Renminbi in this Development Region.

Hongqiao Development Region lies between downtown Shanghai and Hongqiao International Airport. It is spread over 0.62 square kilometres and is home to over

500 foreign trade institutions. Each foreign developer has invested an average of US\$2,750 per square metre of land — the highest among all development regions in China.

The Development Region is set to expand its area to 1.72 square kilometres. "Shanghai City", which is invested by a Macau company, has a construction area of 800,000 square metres and is the largest project in the Region. Nearly ten companies from Taiwan and Japan have signed investment contracts respecting the Region.

At present, the price of periphery land in the Region is only half of that in the centre of Shanghai. For completed buildings, the price per square metre ranges from US\$2,700 to US\$3,000. Experts predict good prospects for investment in the Region.

PRC: More Japanese Firms Opening Businesses in Wuhan

OW1702090296 Beijing XINHUA in English
0822 GMT 17 Feb 96

[FBIS Transcribed Text] Wuhan, February 17 (XINHUA) — Japanese business people are paying close attention to investment in Wuhan, the capital of Hubei Province in central China.

By the end of last year, 82 Japanese companies with a total investment of 104 million US dollars had opened in this communication hub on the middle reaches of the Chang Jiang River.

Other large Japanese corporations are also coming to the city for inspection tours and to set up offices.

Nippon Electric alone has set up two companies in Wuhan, investing 600 million US dollars, and has set up ten high-tech companies in China.

Agriculture

PRC: Minister Cites Chemical Fertilizer Increases

OW1602170896 Beijing ZHONGGUO XINWEN SHE
in English 1340 GMT 16 Feb 96

[FBIS Transcribed Text] Beijing, February 16 (CNS) — Ou Xiulian, Minister of Chemical Industry, announced that this year, it was planned that the chemical fertilizer output is expected to rise by 5 million tonnes this year to 113 million.

According to Ms Ou, China should become self-sufficient in chemical fertilizers. At present, the main objective is to raise output, develop chemical fertilizers and improve their effectiveness. To obtain the planned increase, the chemical fertilizer output should be over 10 million tonnes per month. Moreover, all carbamide and ammonium phosphate plants should attain the

planned output levels; all provinces and cities should guarantee a 10 percent increase in chemical fertilizer output this year. Miss Ou demanded that chemical industry departments and bureaus should improve management and intensify monthly inspections. They should adopt effective measures and guarantee that chemical fertilizer installations work to capacity.

In 1995, chemical fertilizer output overfilled production plans for the year. This represents a year-on-year increase of 12.9 percent and set an historical record. At the beginning of this year, the Ministry of Chemical Industry held a chemical fertilizer production forum at Kaifeng Chemical Fertilizer Plant. The aim was to encourage chemical industry departments and chemical fertilizer enterprises to seize the opportunity to increase output and meet the needs of spring ploughing and agricultural production for the whole year.

PRC: Cooperation Sought To Ensure Chemical Fertilizer Supply

OW1702111096 Beijing ZHONGGUO XINWEN SHE
in English 0419 GMT 17 Feb 96

[FBIS Transcribed Text] Beijing, February 17 (CNS) — The All-China Federation of Supply and Marketing Cooperatives recently appealed to supply and marketing cooperatives to ensure a sufficient supply of chemical fertilizers and to departments concerned with the administration of agricultural production materials to implement state price policy in order to keep chemical fertilizer prices within limits set by the state.

Speaking at a meeting of the federation, the deputy director, Bai Qingcai, said that the current international price of chemical fertilizers was high could be expected to rise even further. China had therefore to stabilize prices by ensuring a sufficient supply. Departments concerned had to strictly follow the prices laid down and the permitted margin of profit. Unauthorized price hikes was not allowed. The chemical fertilizer business was not to be used as a means of making up for losses.

Agricultural input material operations were not businesses that could be undertaken by individuals. The practice of the ownership belonging to cooperatives and the management being undertaken by individuals had to be altered. The system under which a cooperative at grass-roots level acts as a chemical fertilizer agent could not be passed on to individuals. Unauthorized charges for agricultural materials has to be seriously dealt with.

Production and marketing of chemical fertilizers must be well coordinated. Sources of chemical fertilizers had to be guaranteed and the importation of fertilizers properly arranged. A system for agricultural production

material stockpiling had to be set up to meet actual needs.

PRC: Success of Land Contract System in Anhui Highlighted

OW1702101896 Beijing XINHUA in English
0908 GMT 17 Feb 96

[FBIS Transcribed Text] Hefei, February 17 (XINHUA) — Ge Hongchang, head of Xiaogang Village in Fengyang County, Anhui Province, was overjoyed when he handed land-use certificates to farmers once again.

Ge could hardly forget the day 18 years ago when he headed his villagers to make a finger-prints on an agreement for the dividing of farmland for household management.

"I was running the risk of being sent to jail because such conduct was regarded as 'capitalism' in those days," he explained.

This time it was a new round of 30-year contracts for the use of farmland — handed out with the blessing and approval of the government.

"It will set our minds at ease," said Ge with feeling.

Under the old central planning economy, farmers had no say in farming, and were told to plant crops collectively and get materials "in kind" almost equally.

Ge did not expect that their determined action in the 1970s would induce a nationwide rural reform, featuring the 15-year contract for land utilization with a family as the basic unit.

Anhui Province started another round of 30-year land-use contracts last year after the first round of contracts expired in 1994.

Soon after receiving the certificates, many farmers in Xiaogang Village began to buy farm machinery.

"We do not have to worry about our land-managing rights being infringed," said a farmer who preferred anonymity.

Statistics show that 90 percent of villages in Anhui Province, just like Xiaogang Village, have concluded contracts on land utilization with farmers.

In comparison with the first round of land-use contracts, Wang Zhaoyao, deputy governor of the province, said, the new second land-use contracts has assured farmers of the stable right to use the land continuously for 30 years, and allowed them to transfer, lease, donate and mortgage the land during the contract period, thus bringing the land to life.

He explained that China has 1.2 billion people, and more than 70 percent are in the countryside. With smaller families, each household had an average of 0.5 hectares of cultivated area, from which farmers could hardly make huge profits and get rich in the first round land-use contract.

Wang Qingxi, a skilled farmer in Xiaoxian County, rented 60 hectares of farmland from 210 households in his village last year on condition that he compensated them with 2,250 kilograms of wheat per hectare and 3,000 kilograms of maize per hectare.

By the end of last year, Wang earned a net income of more than 200,000 yuan, and the households who leased their land also gained profits three times more than before when they operated independently.

"So long as you work hard and with your mind, you can get rich by making profits from the land," Wang said.

Wei Jianhua, another farmer specializing in farming in Linquan County, believes the land is more and more valuable since it now has a price.

The rent for farmland rose from 6,000 yuan per hectare last year to 7,500 hectare this year.

A survey showed that 150,000 hectares of farmland, accounting for 3.5 percent of the total in the province, have been transferred from one farmer to another.

Wang noted that although Anhui carried out a second round of land-use contracts, the land still belongs to the state, and is used only for farming. "It will be retrieved if not for this purpose," he said.

The contract system has also attracted more farmers back to the land, making full use of land resources.

At present, Anhui has tens of thousands of households specializing in farming. They have opened up more than two million hectares of land, generating 5.5 billion yuan worth of products.

Experts in agriculture have agreed that the new land-utilization contracts have aroused farmers' initiative in farming and enabled skilled farmers to contract for more land. This in turn has helped them generate a better economic efficiency from the land.

Although Anhui experienced droughts last year, its output of grain, cotton and oil-bearing crops still rose by 12.3 percent, 16.2 percent and 24.1 percent respectively over the previous year.

The deputy governor disclosed that the provincial government is working out a package of regulations to standardize transfers of farmland.

PRC: Anhui Governor Attends Rural Work Meeting

OW1902122396 Hefei ANHUI RIBAO in Chinese
28 Jan 96 p 1

[Article by Anhui Provincial Radio Station reporter Zhang Guoshe (1728 0948 4357) and ANHUI RIBAO reporter Wang Shixin (3769 1102 2450): "Provincial Rural Work Meeting Held in Ningguo County"]

[FBIS Translated Excerpt] A provincial rural work meeting was held in Ningguo County on 27 January. Provincial leaders Lu Rongjing, Hui Liangyu, Fang Zhaoxiang, Wang Zhaoyao, Lu Zixiu, and Wang Sheyun attended the meeting. Hui Liangyu made an important speech. [passage omitted]

Wang Zhaoyao, member of the provincial party committee standing committee, relayed the spirit of the central rural work meeting. The meeting discussed the basic trend of thought on realizing the goals of agricultural development and rural economic development during the Ninth Five-Year Plan. It made key arrangements for this year's agricultural and rural work.

Governor Hui Liangyu pointed out that agriculture is Anhui's strongest point, greatest potential, greatest hope, and key and difficult point. [passage omitted] In 1995, the province's agriculture and rural economy made breakthrough developments, and a comprehensive bumper harvest was reaped in agricultural production. The Eighth Five-Year Plan was overfulfilled. The seven major indices of the gross output of grain, cotton, edible oils, meat, and aquatic products; income from the operation and sale of rural enterprises; and the increase in peasants' per capita net income exceeded those of any other year. It is estimated that the gross output of grain was 26.5 billion kg; cotton, 6 million tan; edible oils, 38 million tan; meat, 1.9 million tonnes; and aquatic products, 750,000 tonnes. The income from rural enterprises' operation and sales was 310 billion yuan. The gross output value of agriculture exceeded 50 billion yuan. The per capita income of peasants was 1,303 yuan. [passage omitted]

Hui Liangyu stressed that this is the first year of the Ninth Five-Year Plan, and making a good start is of crucial importance. First, we must make new developments in our trend of thought. The major targets of the province's rural economy in 1996 are to attain a gross output of 27 billion kg of grain, 6.5 million tan of cotton, 1.85 million tonnes of edible oils, 2 million tonnes of meat, and 1 million tonnes of aquatic products; to reforest over 1 million mu of land; to generate more than 400 billion yuan in income from rural enterprises; to enable peasants to have a per capita net income of

1,530 yuan; to increase agriculture's gross output value by 7 percent; and to increase the percentage of peasants being relatively well off by more than 7 percent. Second, we must have new measures to stabilize agriculture. We must stabilize and implement the party's basic policies in rural areas. In particular, we must further stabilize and perfect the contract responsibility system on a household basis, with remuneration linked to output as the dominant factor; perfect the two-level management structure; and reduce peasants' burdens. We must stabilize the area for growing grain and cotton and ensure a steady growth in grain and cotton output. We must implement the policy concerning raising prices of grain procured according to contracts. We must implement the policy of linking grain, cotton, and chemical fertilizer together and of making comprehensive average prices for chemical fertilizer. [passage omitted] Third, we must make real efforts to strengthen agriculture. We must comprehensively promote progress in agricultural science and technology, earnestly increase agricultural inputs, and further strengthen the construction of basic agricultural facilities. Fourth, we must blaze new trails in boosting agriculture. We must increase efficiency by readjusting the structure, and mainly do a good job in running farming, diversified management, and rural enterprises. [passage omitted]

Hui Liangyu pointed out that we must further raise the leadership level in rural work, learn how to use the laws of the market economy to grasp agriculture, and learn how to grasp agriculture by not confining our work to agriculture. Leading comrades must go deep among the masses and practice the grasping of agriculture, utilize the efforts of various sectors in protecting and supporting agriculture, and grasp the "two civilizations" simultaneously.

In conclusion, Hui Liangyu said we firmly believe that if all people in the province are united in their work and are determined to forge ahead, we certainly can make a good start and score new victories in the grand cause straddling this century and the next.

PRC: Jiangsu's Rural Bank Deposits Surge

OW1902122096 Beijing XINHUA in English
1143 GMT 19 Feb 96

[FBIS Transcribed Text] Nanjing, February 19 (XINHUA) — Deposits in rural banks in east China's Jiangsu Province hit 80.65 billion yuan last year, up 19.85 billion, or 24.6 percent, over the previous year.

The figures reflect impressive growth in this area because it has normally taken Jiangsu, even though it is an economic powerhouse, two to three years to increase rural deposits by something like ten billion yuan.

Rapid rural economic growth in the province, known for its township enterprises, has boosted rural per capita income to 2,457 yuan, up 9.5 percent if adjusted for

inflation, a phenomenon rarely seen elsewhere in China since the beginning of reforms in the late 1970's.

East Region

**PRC: Jiangsu's Drive To Eliminate Poverty
'Paying Off'**

OW1602135096 Beijing XINHUA in English
1228 GMT 16 Feb 96

[FBIS Transcribed Text] Nanjing, February 16 (XINHUA) — The drive of eliminating poverty in the northern part of east China's Jiangsu Province is paying off.

Nine counties and cities in the province each produced 100 million yuan (about 12 million US dollars) in fiscal revenue last year.

Of these, seven are in the northern part of the province, including Shuyang, Guangyuan, Suining, which used to be well-known because of poverty.

In recent years, the province has paid increased attention to the development of the northern areas where the economy lags behind that of the southern part.

To promote a co-ordinated development, the province has intensified transportation, telecommunications, and energy construction in the northern part, and has strengthened economic co-operation between south and north.

The province also provided 190 million yuan in circulating funds to 16 less developed counties in the north last year.

At present, the northern part is developing faster than the province's average pace. In addition, industrial growth rates of Xuzhou, Lianyungang, Yancheng and Huaiyin, are well above the province's average.

PRC: Shandong Provides Electricity to 'Every Home'

OW1802120896 Beijing XINHUA in English
1010 GMT 18 Feb 96

[FBIS Transcribed Text] Jinan, February 18 (XINHUA) — Families in east China's Shandong Province had something very special to celebrate today.

On the final day of the Chinese Lunar Year of the Pig every home in the province became switched on to electricity supplies.

It means the province is the first in China to provide power to every single household.

The province has 87 million people living in almost 22 million households.

By the end of 1995, the province had a power generating capacity of 12.34 million kw and generated electricity amounting to 73.7 billion kwh, ranking second in the country.

PRC: Official Reports Drop in Shanghai's Price Index

OW1702083396 Beijing XINHUA in English
0724 GMT 17 Feb 96

[FBIS Transcribed Text] Shanghai, February 17 (XINHUA) — The retail price index in China's largest economic center was 107 and the consumer price index reached 110.8 in January.

The two figures represent a 50 percent drop in the price rise from the same period last year, according to Li Zhenxin, an official with the Shanghai Municipal Administration of Commodity Prices.

The index in January rose slightly by 0.4 percentage points over last December.

"This indicates a good start for price controls in Shanghai," Li said.

Prices for 85 of the 257 goods under administrative supervision were up in January, and those of 79 goods were down.

Li noted that the municipal government regards the continuous control of inflation its prime task for the macro-economic controls in Shanghai, and is striving to hold the rise to below 10 percent this year.

Li noted that Shanghai's markets have abundant goods, especially during the spring festival, the Chinese New Year and its biggest holiday.

PRC: XINHUA Kills Item on Pudong Airport Flood Control

OW2002114796 Beijing XINHUA Domestic Service in Chinese 0231 GMT on 13 Feb 96

[Beijing XINHUA Domestic Service in Chinese at 1223 GMT on 13 February transmits a service message canceling the following item — article by reporter Li Rong (2621 2837): "Construction of First-Phase Flood Control Project at Pudong International Airport Formally Started Days Ago"]

[FBIS Translated Text] Shanghai, 13 Feb (XINHUA) — The construction of the Pudong international airport has been planned on 18.6 square km of newly reclaimed shoals bordering on the New Pudong District and Nanhui County's seaside. The principal part of the project has been designed to resist typhoons of force 12 [on the Beaufort scale] during high tides that happen once in 100 years, and earthquakes of magnitude seven [on the Richter scale]. This principal part includes four individual projects: A 1,512-m-long heightened, reinforced dike; a 5,507-m-long riprap net silt arrester; a newly built heightened, reinforced dike; and a breakwater. As

is known, this water control project has been cited as a major project of the Shanghai Municipal Government for this year.

PRC: Zhejiang Internet Subscribers Required To Register

OW1702115996 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 14 Feb 96

[From the "Provincial News Hookup" program]

[FBIS Translated Excerpt] Beginning on 1 March, Zhejiang's Internet subscribers must register before they can hook up to the Internet.

The provincial public security department recently stated: All Internet subscribers who directly or indirectly hook up with subscribers outside the country — including Hong Kong, Macao, and Taiwan — by means of physical communication lines must register for the record.

It stressed: All units and individuals who apply to use Internet services must register with the local public security bureaus within 30 days of being hooked up to the system. [passage omitted]

Public security authorities shall handle according to law all those who fail to register in accordance with the regulations.

Central-South Region

PRC: Guangdong Requires Internet Users To Register

OW1602170496 Beijing ZHONGGUO XINWEN SHE in English 1225 GMT 16 Feb 96

[FBIS Transcribed Text] Guangzhou, February 16 (CNS) — Yesterday, Guangdong Public Security Bureau issued a notice requiring all computer users with direct or indirect connections to the international (including Hong Kong, Macao and Taiwan) Internet to register within 30 days of March 1.

The regulation was issued in accordance with a notice of the Ministry of Public Security. Those who apply to join the Internet have to register with their local public security bureau within 30 days after they obtain access to the system.

Public security bureaus will deal with those who act in violation of the regulation according to the law.

PRC: Guangdong Takes Steps To Protect Workers' Rights

OW1602165596 Beijing ZHONGGUO XINWEN SHE in English 1325 GMT 16 Feb 96

[FBIS Transcribed Text] Guangzhou, February 16 (CNS) — Guangzhou Municipal Government has decided to adopt urgent measures for the prevention and comprehensive solution to interference with the legal rights and interests of workers in enterprises.

The urgent measures include:

First, Guangzhou will set up a task force to solve the salary and welfare problems of workers in enterprises. It will be formed of people from the General Office of Guangzhou Municipal Government, the Municipal Planning Commission, the Bureau of Labour, the Bureau of Public Security, the Bureau of Finance, the Municipal Administration for Industry and Commerce and the City's Workers' Union.

Secondly, the Municipal Government will supervise enterprises, make sure that enterprises pay workers on time and strictly deal with action harmful to the legal rights and interests of workers.

Thirdly, for enterprises which are incapable of paying their workers, the government will give some support; departments which administer enterprises will raise money for them; banks will also provide loans. The aim is to solve problems arising out of wage payments as soon as possible.

Fourthly, an "urgent fund" will be set up to handle urgent situations concerning wage payments.

PRC: Guangdong To Build Coastal Expressway to Hong Kong

OW1602082296 Beijing XINHUA in English 0637 GMT 16 Feb 96

[FBIS Transcribed Text] Beijing, February 16 (XINHUA) — South China's Guangdong Province plans to build an expressway linking coastal areas with Hong Kong, according to last Sunday's GUANGDONG-HK INFORMATION DAILY.

The newspaper quoted Liu Heen, deputy provincial head of the Department of Communications, as saying that the expressway is planned from Shantou to Shenzhen, connecting up with the HK expressway system.

The paper said the expressway is expected to reach Zhuhai, Xinhui, Taishan, Yangjiang and west Guangdong via Zhuhai's Lingdingyang Bridge whose construction has been included in the province's Ninth Five-Year Plan (1996—2000).

The official said that financing for the eastern section of the expressway has been found and is being worked on for other parts. Matters concerning the construction of the coastal expressway vis-a-vis Hong Kong has not been decided, because the province still has to consult with HK departments, and a detailed timetable has yet to be decided.

**PRC: Shenzhen High-Technology Production
'Soared' in 1995**

OW1602133996 Beijing XINHUA in English
1225 GMT 16 Feb 96

[FBIS Transcribed Text] Shenzhen, February 16 (XINHUA) — The 1995 output value of hi-tech products soared 45.6 percent to 21 billion yuan in Shenzhen, China's first Special Economic Zone, official sources here said today.

This accounted for 21.9 percent of the city's total industrial output value. The volume of exports rose to 1.5 million U.S. dollars, 94.7 percent more than the previous year's figure.

The sources attributed this to chiefly the employment of high technology.

Personal computers and telecommunications served as the mainstays of hi-tech production, generating an output value of 16 billion yuan last year, representing 76 percent of total output value of the city.

The 260 hi-tech manufacturers in Shenzhen developed 471 new products, which yielded 6.3 billion yuan in profits last year.

**PRC: Guangxi Congress Accepts Vice Chairman's
Resignation**

OW2002054196 Nanning GUANGXI RIBAO
in Chinese 1 Feb 96 p 1

["Decision of the Fourth Session of the Eighth Regional People's Congress to Accept Comrade Lei Yu's Resignation From the Regional Vice Chairmanship — Adopted by the Fourth Session of the Eighth Regional People's Congress on 27 January 1996"]

[FBIS Translated Text] The Fourth Session of the Eighth Guangxi Zhuang Autonomous Region People's Congress has decided to accept Comrade Lei Yu's request to resign from the vice chairmanship of the Guangxi Zhuang Autonomous Region.

PRC: Guangxi Congress Elects New Vice Chairman
OW2002053996 Nanning GUANGXI RIBAO
in Chinese 1 Feb 96 p 1

["Guangxi Zhuang Autonomous Region People's Congress Notice No. 2" — GUANGXI RIBAO headline]

[FBIS Translated Text] In accordance with relevant regulations of the law, this is to announce that the Fourth Session of the Eighth Guangxi Zhuang Autonomous Region People's Congress, at a by-election held on 31 January 1996, elected Zhang Wenxue [1729 2429 1331] vice chairman of the Guangxi Zhuang Autonomous Region.

[Signed by] Presidium of the Fourth Session of the Eighth Regional People's Congress

[Dated] January 31 1996.

**PRC: Guangxi's Bailongtan Power Station Opens
First Unit**

OW1702155696 Beijing XINHUA in English
1549 GMT 17 Feb 96

[FBIS Transcribed Text] Nanning, February 17 (XINHUA) — The first generating unit of China's first shareholding power station went into operation Friday [16 February] night in Guangxi Zhuang Autonomous Region.

The first unit is part of six to be installed at the Bailongtan Power Station in the region in southwest China.

It is the seventh of 10 power stations scheduled to be built on the Honghe River.

The station has a designed generating capacity of 192,000 kw.

Southwest Region

**PRC: Sichuan To Set Up Securities Market
Supervision**

OW1602170396 Beijing ZHONGGUO XINWEN SHE
in English 1204 GMT 16 Feb 96

[FBIS Transcribed Text] Beijing, February 16 (CNS) — Sichuan Province will set up securities market supervision and standardise the operation of companies, said Pu Haiqing, Vice Secretary of the Sichuan Party Committee and Vice Governor.

Sichuan was one of the first provinces to experiment with shareholding system on a broad scale. Achievements have been gained in recent years although some problems remained to be ironed out.

Mr. Pu pointed out that some shareholding enterprises had maintained the dated approach and business practices that prevailed prior to the introduction of the joint stock system.

Business conduct had therefore to be standardized in accordance with laws and regulations. Listed companies as well as government organs had to abide by these regulations.

Self supervision by enterprises should depend on the release of information about their business, performance and other details.

Revelation of information was regarded as the first and foremost step in supervision. Information disclosure that was neither timely nor accurate would paralyse the system of supervision.

The securities supervision department had to place emphasis on the supervision of the use of capital collected by enterprises, the company structure, decision making procedures and major alterations in the shareholding and assets of enterprises.

Sichuan would fulfil share quotas set by the state for this year. Efforts would be made to enable shares issued by joint stock companies to be publicly floated.

Qualified enterprises with a sound and standardized operation would be chosen for listing. Training would be arranged for high level management personnel in listed companies.

Administration of securities institutions and intermediary bodies would be reinforced. Based on national laws and regulations, as well as according to Sichuan's actual situation, the province would enact a set of rules and regulations to govern the securities market.

PRC: Yunnan Allows Foreign Journalists in Quake-Hit Area

OW1602165496 Beijing ZHONGGUO XINWEN SHE in English 1340 GMT 16 Feb 96

[FBIS Transcribed Text] Lijiang, Yunnan, February 16 (CNS) — An official from the Lijiang Quake Relief Headquarters today announced the Yunnan government's decision to allow foreign reporters to enter the quake-stricken zones with immediate effect.

Said the official: "After the 3rd of February quake, a large number of Hong Kong and overseas reporters have expressed their concern at the degree of damage and the progress of relief programmes. As a result, they requested permission to enter the zone. With the approval of the Yunnan provincial government, overseas reporters can now apply to the provincial government's

news department. Once approved, they can come to Lijiang."

He disclosed that reporters from five Hong Kong and Taiwan papers and TV stations had visited Lijiang.

The official further explained that the reason why reporters were now allowed to go to the scene. "Since the quake has gradually faded and there are only occasional after-shocks, Lijiang, including its two major hotels, is now a much safer place for the reporters. Now, as relief programmes are on the right track, security is much better and there are no reports of infectious diseases."

In conclusion, the official thanked all overseas Chinese and the reporters for their concern for the victims and welcomed the reporters' accurate coverage of the extent of damage and follow-up actions undertaken.

PRC: Yunnan Governor Urges Help for Quake-Hit Area

OW1902090596 Beijing XINHUA in English 0824 GMT 19 Feb 96

[FBIS Transcribed Text] Kunming, February 19 (XINHUA) — Governor of southwest China's Yunnan Province He Zhiqiang urged local governments to take prompt measures to help resume farm and industrial production in the quake-hit Lijiang Prefecture.

Inspecting the quake-stricken areas, He said that chemical fertilizer, pesticides and seeds should be sent to the areas as soon as possible to help quake victims prepare for spring ploughing.

Effective measures should also be taken to ensure that power production of Diqing and Lijiang will be restored to a level equal with that of last year before April 1, he said.

He also asked provincial government and departments concerned to promptly formulate plans to help enterprises resume production and allocate special funds for the purpose, he added.

In Dali and Diqing, the governor discussed with local officials how to resume production as soon as possible at quake damaged Chongjianghe Power Station and Diqing Paper Mill in Diqing and Heibaishui Power Station in Lijiang.

Before today's Spring Festival, Chinese traditional lunar new year, local authorities had organized six groups to convey greetings to people suffering from the strong earthquake, which rocked Lijiang Prefecture on February 3 and left at least 300 people dead and 3,700 seriously injured.

With the help of the central government, the State Council, other provinces, and people in Hong Kong, Macao and Taiwan, relief work has achieved progress, while the task is still arduous, He said.

He said that the province will try to complete the relief and reconstruction work in an all-round way in the quake-hit areas in three years.

North Region

PRC: Results of Zhangjiakou Anticorruption Drive Cited

SK1902081296 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 16 Feb 96

[FBIS Translated Text] Public security, procuratorial, and judicial organs at all levels in Zhangjiakou city have conscientiously implemented the guidelines of the fifth plenary session of the central discipline inspection commission, given full play to their functional roles, given impetus to the anticorruption struggle, and strictly investigated and handled all sorts of cases on breaches in law and discipline. In 1995 alone, they filed 591 various cases for investigation, including 28 major and appalling cases; punished 458 people in line with party and administrative disciplines, including 12 leading cadres at or above the county section level; and recovered 5.08 million yuan in economic losses for the state and collectives.

In the course of investigating and handling cases, public security, procuratorial, and judicial organs of Zhangjiakou city gave priority to investigating and handling law and discipline violation cases involving party and government organs; party and government leading cadres; and judicial, administrative, law-enforcing, and economic management departments and their functionaries. They adopted practical and effective measures, such as establishing a system of assuming responsibility for fulfilling a certain target; attended to major and appalling cases as well as typical cases; and achieved breakthroughs in handling ongoing cases violating the law and discipline; conducted open trials; and achieved good results. In addition, the number of cases which they investigated and handled increased by 22.87 percent over the previous year, and the quality of the handling of cases also improved noticeably.

PRC: Inner Mongolia Secretary Speaks at New Year's Party

SK1802142196 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 16 Feb 96

[FBIS Translated Text] Representatives from all nationalities and all fields throughout the region happily got together at [word indistinct] on the afternoon of

16 February to hold a tea party welcoming the new year. Leaders from the provincial party, government, military, and Chinese People's Political Consultative Conference [CPPCC], such as Liu Mingzu, Wang Qun, Wu Liji, Bai Enpei, Uyungimg, and Yun Bulong, made speeches. (Wang Guo) and Hao Xiushan, veteran cadres who served in our autonomous region for a long time, made speeches. Zhang Zuocai chaired the tea party.

Liu Mingzu gave a speech at the tea party. On behalf of the autonomous regional party committee and government, he extended cordial holiday greetings to workers, peasants, herdsmen, intellectuals, police, armed people's forces, democratic parties, persons without party affiliation, the association of industry and commerce, and people of all nationalities and from all walks of life.

Liu Mingzu held: In the past year, party committees, governments, and cadres at all levels, and people firmly focused on the general task of the whole party and the state, comprehensively carried out the spirit of the sixth autonomous regional people's congress, made concerted efforts to successfully accomplish the tasks set forth by the Eighth Five-Year Plan, and made new progress in all undertakings. The CPPCC committees at all levels, all persons from democratic parties or without any party affiliation, and people of all nationalities and from all walks of life firmly focused on the general task of our autonomous region. They worked hard to positively contribute to the autonomous region's reform, opening up, and modernization drive. On behalf of the regional party committee and government, I extend cordial gratitude to all of you.

Liu Mingzu held: The year 1996 is the first year for implementing the Ninth Five-Year Plan. It is imperative for us to follow the central authority's requirements to make a good start in fulfilling all the tasks of this year. All localities should firmly grasp the two key links, which are to change the economic system and the economic growth mode. They must comprehensively implement the five large-scale strategic measures and make greater progress in two aspects. Liu Mingzu pointed out: To succeed in our tasks, we need the concerted efforts as well as extensive participation of people of all nationalities, from all democratic parties, and from all walks of life in a view to form a powerful joint force. Hereafter, it is imperative for us to continue to improve the socialist construction of democracy and legal system and to uphold and perfect the system of the people's congress and the system of multi-party cooperation and consultation under the leadership of the communist party. As always, we should utilize the legislative function of the people's congress; provide legal supervision; and give full scope to the function of the CPPCC committee and democratic parties in political consultation, democratic

supervision, and participating and discussing the political and government affairs. The advantages of the patriotic united front should be fully performed, and so to the function of the people and groups loyal to the party and serving as bridges and links. By doing this, we can enhance reform, development, and stability of our region.

Liu Mingzu held: At the time of bidding farewell to the past and welcoming the new year, we greatly miss our compatriots in Taiwan, Hong Kong, and Macao, and overseas Chinese. To achieve the grand goal of reunifying our motherland is the common wish of the people crossing the strait, and it also explains the fundamental meaning of the Chinese people. All nationalities and all fields of our autonomous region should take further steps to carry out the spirit of the important speech made by Comrade Jiang Zemin, which is to continue to forge ahead to achieve the grand goal of reunification of the motherland and contribute duly to enhancing reunification of the motherland. The establishment of the preparatory committee of the Hong Kong Special Administrative Region marked a new stage for resuming sovereignty over Hong Kong. Hereafter, our region will maintain our mutually beneficial economic relations with Hong Kong and Macao and follow the principle of peace, reunification, and one country with two systems to promote exchanges, association, and cooperation with compatriots of Taiwan.

Also attending the tea party were leaders of the autonomous regions, such as Feng Qin, Han Maohua, Zhou Dehai, Youren, Yi Junhua, Liu Zhenyu, [name indistinct], Wang Xiumei, Liu Xiaowang, and Bao Wenfa, Baya Ertu, Zhang Zuocai, Cheng Jie, Lan Qianfu, Yuan Mingduo, Geroltu, Xia Ri, and Yang Zizhen. Representatives from all fields expressed their opinions at the tea party, and artistic groups gave brilliant performances.

PRC: Tianjin To Focus on High-Technology Industries

OW1702:14296 Beijing ZHONGGUO XINWEN SHE in English 0335 GMT 17 Feb 96

[FBIS Transcribed Text] Tianjin, February 17 (CNS) — During the "Ninth Five-Year Plan", the Tianjin electronics industry will focus on the development of hi-tech products such as telecommunications equipment, computers and integrated circuits; ten enterprises expect to achieve annual sales of RMB [Renminbi] 1 billion. By 2000, annual output should reach RMB 30 billion. Tianjin is set to become a large electronics industrial base.

During the "Eighth Five-Year Plan", the Tianjin Electronic Instrument and Meter Group recorded great de-

velopment. In 1990, its industrial output was valued at RMB 3.6 billion. In 1995, it rose to nearly triple to RMB 11.3 billion, and laid the foundation for the "Ninth Five-Year Plan". At present, Tianjin is among the top five electronics producing provinces in China.

During the "Ninth Five-Year Plan", existing enterprises will undergo further development, with hi-tech products such as telecommunications products, computers and integrated circuits as their mainstays. Production will be on a large scale and will set the pace for the next century.

PRC: Official Cites Progress of Tianjin's New Technology Park

OW1602134496 Beijing XINHUA in English 1223 GMT 16 Feb 96

[FBIS Transcribed Text] Tianjin, February 16 (XINHUA) — The New Technology Industrial Park on the rim of Baohai Bay in Tianjin has made remarkable progress over the last five years.

Its income from the development of technology, industry, and trade grew at an average annual rate of 85 percent, said Xuan Dongsheng, vice-director of the park.

In 1995, income reached 6.2 billion yuan (about 747 million US dollars), Xuan noted, pointing out that growth and scale of the park rank at the forefront the country's industrial parks.

Over 2,000 enterprises are developing new and hi-tech products in the 22-sq-km park, which has four pillar industries in computer software and equipment, telecommunications equipment, electronic appliances, and electrical products.

Special products here range from special printing materials, new types of batteries, large TV screens, and cable to medicines, and fine chemical products.

Last year, there were 54 enterprises with an income of 10 million yuan (about 1.2 million US dollars), nine more than the previous year, eight with incomes of more than 100 million yuan.

In 1995, 119 foreign-funded firms were approved here with an contractual investment of 950 million US dollars, 10 times the 1994 figure.

The production value of joint ventures reached 4.2 billion yuan, accounting for two-thirds of the park's total.

Tianjin Mitsumi Electric Co. Ltd, which uses Japanese funds exclusively, got 2.5 billion yuan (about 301 million US dollars) from exports of new and hi-tech products.

Northwest Region

PRC: Gansu Procuratorial Organs Report on 1995 Work

SK1702101796 *Lanzhou GANSU RIBAO in Chinese*
13 Jan 96 p 1

[By reporter Hao Liping (6787 0448 1627): "The Procuratorial Organs in Our Province Give Priority to Investigating and Handling Major and Appalling Cases"]

[FBIS Translated Text] In 1995, Gansu's procuratorial organs persistently made anticorruption work and investigating and handling major and appalling cases their primary task. They accepted 1,803 economic cases concerning corruption and bribery and decided to investigate 860 of them, which involved 1,017 persons. A total of 79.7 percent of these cases were concluded, which included 79.5 percent of the total number of persons involved. The procuratorial organs instituted legal proceedings against 346 people involved in 286 cases, and recouped 34.172 million yuan in economic losses for the state and collectives.

Procuratorial organs at all levels focused their efforts on investigating and handling some personnel in the party and governmental leadership organizations, law-enforcing administrative organizations, justice organizations, and economic management departments. They paid particular attention to investigating and handling major and appalling embezzlement and bribery cases involving leading cadres. Last year, 40.8 percent of the cases investigated and handled were embezzlement and bribery cases involving over 10,000 yuan each; cases of misuse of over 50,000 yuan in public funds; and major cases on trademark tort and tax evasion. They investigated and handled 48 cases involving law-breaking cadres at or above the county and section level. Of these cadres, four were at the prefectural or departmental level. The exposure of a number of corrupt and bribe-taking high-ranking and power-holding persons has had immense repercussions throughout the society. New progress was also seen in investigating and handling judicial personnel involved in embezzlement, bribery, and malpractice to serve friends or relatives. Last year 40 judicial personnel whose cases constituted a crime were investigated and punished. Meanwhile, procuratorial organs throughout the province also investigated and handled 195 tax-related and trademark infringement cases, up 28 percent compared with the corresponding period in 1994. Seventeen of the cases were related to value-added receipts, which could cost 3.2 million yuan in taxes.

At the meeting of chief procurators in the province, which ended on 12 January, Li Dekui, chief procurator

of the provincial people's procuratorate, held: In investigating and handling embezzlement, bribery, and other economic cases in 1996, procuratorial organs should still give priority to investigating and handling major and appalling cases that have immense repercussions and effects. In particular, it is imperative to investigate and handle appalling cases involving leading cadres at or above the county and section level. We should continue to prioritize the investigation and handling of cases on embezzlement, bribery, and malpractice to serve friends or relatives that occurred in party and governmental organs, law-enforcing administrative organs, judicial organs, and economic management departments. It is imperative that we make this the most important task of all our major tasks. We should continue to pay attention to investigating and handling cases occurring in key departments. We should continue to strike relentless blows against forgery and illegal sales of value-added tax receipts; fraudulent export tax refunds; embezzlement and bribery that takes advantage of reform and opening up; misappropriations and the dividing up of the state-owned assets; economic cases in production-factors markets that are under the jurisdiction of procuratorial organs; and cases on trademark tort and production and sales of fake and inferior products.

PRC: Xinjiang's Need To Cultivate Healthy Cultural Attitude

96P30111A *Urumqi XINJIANG RIBAO in Chinese*
16 Jan 96 p 7

[Article by Duan Tonghua (3008 2717 5363), deputy head of the Xinjiang Autonomous Region Party Committee's Propaganda Department]

[FBIS Summary] Our society should not remain indifferent to the present unhealthy tendencies in Xinjiang which are a manifestation of the people's state of mind. For example, young people wearing T-shirts printed with the U.S. national flag and store signs evoking feudal superstition reflect minds that worship things both foreign and ancient, suffer a "national inferiority complex," and value money above all else. During the transition period to a market economy, traditional values and concepts are inevitably assaulted, effecting the formation and development of the people's world outlook and personal values. In the current drive towards socialist modernization, we need to remain open to the outside world and draw upon those outstanding experiences that suit the actual conditions of China and its people. We need also to uphold China's characteristics, state sovereignty, and national dignity as "only then will we be able to stand among the nations of the world." Our task then is to educate the young people of various nationalities, the cadres, and the public in how to

establish national self-respect and self-reliance and help them to cultivate a healthy cultural state of mind that will consciously resist unhealthy tendencies and promote the drive towards reform and modernization.

PRC: Xinjiang Leaders Visit Workers on Lunar New Year

OW2002050296 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 19 Feb 96

[Announcer-read report over video; from the "Xinjiang News" program]

[FBIS Translated Excerpt] On the early morning of Lunar New Year's Day, Wang Lequan, autonomous re-

gional party committee secretary; and Zhang Wenyue, Zhou Shengtao, and Aisihaiti Kelimubai, autonomous regional party committee deputy secretaries, visited workers who remained on duty during the holidays. [video shows the leaders shaking hands with traffic police and visiting telecommunications workers] [passage omitted]

**PRC: Signed Article Examines 'Root' of
Cross-Strait Tension**

*OW1602153796 Beijing XINHUA Domestic Service
in Chinese 1215 GMT 16 Feb 96*

[Article by Wei Daye (7614 1129 2814): "Where Does the Root Cause of Tension in Cross-Strait Relations Lie?"]

[FBIS Translated Text] Beijing, 16 Feb (XINHUA) — Since Li Denghui [Li Teng-hui] visited the United States in June 1995, serious retrogression and a tense atmosphere have emerged in relations between the two sides of the strait, and to date the tension has not been relaxed. People cannot help but ask: Where does the root cause that has triggered retrogression and tension in cross-strait relations lie? What is the trend of development in future cross-strait relations? This is the universal concern of the people.

On 30 January 1995, President Jiang Zemin made a spring festival speech, and it evoked strong repercussions at home and abroad. People in various circles universally gave it an affirmative and positive appraisal, and the people on both sides of the strait anticipated a well-meaning response from the Taiwan authorities. However, on 8 April of the same year, Li Denghui made a "six-point statement" that dwelled on the abstract, avoided real issues, and had nothing new, but painstakingly gave prominence to propositions such as "splitting the country and ruling under separate regimes." What was more, Li Denghui even went to the United States attempting to seek an "independence and sovereignty status" for Taiwan in the international community. In his speech at the U.S. Cornell University, he mentioned "the Republic of China" and "the Republic of China in Taiwan" 18 times and brazenly expressed that he wanted "to challenge impossibility," virtually meaning to challenge the "one China" principle. This was another, fuller exposure of Li Denghui's scheme to split the motherland.

Li Denghui felt no shame over his activities in the United States to split the motherland, but took pride in them. Even now, he still takes delight in talking about them. Although severe attacks of public opinion from various quarters have compelled Li Denghui to say something about reunification, his words are insincere and only meant to deceive the public.

Li Denghui is quite good at adapting to changing conditions. When he thinks the timing is to his advantage, he will openly advocate "Taiwan independence." If he thinks the timing is not so favorable, he will advocate "independent Taiwan" [du tai 3747 0669] and "two Chinas" under disguise. "Taiwan independence" [tai du

0669 3747] and "independent Taiwan" will reach the same goal by different routes, and they are totally identical in the objective of splitting the motherland. The difference is that one is radical and undisguised, the other progressive and hidden. Compared with the former, the latter is more deceptive and dangerous.

On 4 February, Li Denghui said at a meeting in Gaoxiong [Kaohsiung] that only he had the "courage and insight" to have opened up a relaxed situation "unprecedented in cross-strait relations in the past 50 years." He also expressed his indignation and resentment that some people blamed him for the tension in cross-strait relations at present, and he defended himself several times.

Since Li Denghui took power in Taiwan, he has strived to "internationalize" the Taiwan issue, has internally connived at and propped up "Taiwan independence" forces, has externally drawn foreign anti-China forces to his side and depended on them, and has tried to place cross-strait relations, which are in origin relations within one country, in a position of relations between "two countries," thus delaying the resolution of the Taiwan issue for a long time. This is the crux of the issue and the basic starting point of Li Denghui's existing mainland policy.

Li Denghui's existing mainland policy, in short, is: "one country, two entities; splitting the country and ruling under separate regimes; reality before naming; and false reunification and true independence" [yi guo liang ti fen lie fen zhi xian shi hou ming jia tong zhen du 0001 0948 0357 7555 0433 5933 0433 3112 0341 1395 0683 0682 0250 4827 4176 3747]. "One country, two entities" means one country, two reciprocal political entities, of which "one country" is abstract, while "two entities" are concrete. "Splitting the country and ruling under separate regimes" means to separate both sovereignty and the right to rule and making this fixed and legalized for a long period. "Reality before naming" means to seek the reality of "Taiwan sovereignty and independence" before seeking the name of "Taiwan as an independent country." This means a gradual peaceful transition from the so-called "Republic of China" or "Republic of China on Taiwan" to a "Taiwan Republic." "False reunification, true independence" means to talk incessantly about reunification while not stopping independence activities, and to talk openly about reunification while secretly working for independence. In short, this mainland policy of Li Denghui is a policy of "peaceful separation" from the motherland's mainland. Some public opinion in Taiwan pointed out: "The Kuomintang is implementing the program of the Democratic Progressive Party." This is not without basis.

As early as May 1990, shortly after Li Denghui took office, there was the saying "the first three years and the next three years." The first three years, were mainly for completing the "reform of the constitutional structure" on the island. It was a period in which Li Denghui seized opportunities to exclude outsiders and consolidate his power base. The next three years were a period in which Li Denghui attempted to make a "breakthrough" in foreign relations, to give prominence to Taiwan's "independent international personality," and to create "two Chinas," and "one China, one Taiwan" in the international community. Therefore, while stepping up the promotion of "joining the United Nations," he has wantonly pursued "pragmatic diplomacy," such as the "head of state diplomacy," "ceremony diplomacy," "crossing-boundary diplomacy," "alumnus diplomacy," "sports diplomacy," and so on. Li Denghui's trip to the United States was also made with such a background. This has naturally and rightly been met with a resolute counterattack from the Chinese Government and all the Chinese people.

After this New Year's Day, when he talked about cross-strait relations, Li Denghui said on many occasions "the future is an era in which confrontation will be replaced by communication." Touching on the speech by President Jiang Zemin on 30 January 1995 and the answering speech he made on 8 April 1995, he said: "These two speeches should serve as a bridge for promoting future cross-strait relations and as a basis for both sides to seek common grounds and eliminate differences." However, his words and deeds show that what Li Denghui wants to link up with is not the mainland. Instead, he wants to seek international forces that will support his splittist activities. Not long ago Li Denghui openly indicated that he wanted to go to "an area the other side would never expect." However, as for cross-strait "negotiations" or "high-level meetings," he has emphasized many preconditions in an attempt to set up layer upon layer of obstacles. Meanwhile, Li Denghui is going all out for "elastic pragmatic diplomacy" and has been buying military equipment without restraint. Recently, he did not even hesitate to ask some foreign forces to make a show of force in the Taiwan Strait to reassure the public on the island. Is this not an attempt to establish "communications" with the mainland or an attempt to resist reunification and maintain the state of separation between the two sides? His words do not tally with his deeds. While talking about "replacing confrontation with communications," he went in for "replacing communications with confrontation."

President Jiang Zemin has stressed: "Adhering to the one China principle is the basis and prerequisite for realizing peaceful reunification. The break up of China's

sovereignty and territorial integrity must never be tolerated." However, Li Denghui stresses that the two sides "are ruled by two political entities, neither of which is subordinate to the other." He also wants the motherland on the mainland to recognize that the Taiwan authorities "have sovereignty and ruling power over Taiwan, Penghu, Jinmen [Kinmen], and Mazu [Matsu]." Recently, he even said he would try to "increase the number of countries that maintain diplomatic relations" with Taiwan "by 200 to 300 percent in the near future," adding that he would "fight to the end to consolidate and develop the Republic of China." Under these circumstances, how can both sides "establish a bridge for promoting future cross-strait relations," and how can a "basis for both sides to seek common ground and eliminate differences" be established?

Future cross-strait relations will still be complex and full of changes. However, the Chinese people, including compatriots in Taiwan, will not cease their struggle against separation and "Taiwan independence" for a single day so long as the Taiwan authorities continue their activities to split the motherland. There will be twists and turns in accomplishing the reunification of the motherland, but the historical trend for the motherland's reunification and national invigoration is irresistible. Li Denghui's attempt to obstruct the historical trend is doomed to failure.

PRC: UN Envoy Says Taiwan Leaders Repeat 'Same Old Tunes'

OW1602132696 Beijing ZHONGGUO XINWEN SHE
in Chinese 1101 GMT 16 Feb 96

[FBIS Translated Text] New York, 15 Feb (ZXS) — The speeches made recently by the principal leaders of the Taiwan authorities are a repeat of the same old tunes, and their statements have never indicated their "one China" position said Qin Huasun, head of the Chinese permanent delegation to the United Nations here today.

He said: Cross-strait relations can develop normally again only after the Taiwan authorities abandon, not only in words but in deeds, any attempt to create "two Chinas," "one China, one Taiwan," or "Taiwan independence." Otherwise, they will be opposed by all Chinese people, including compatriots in Taiwan, and they are doomed to failure.

The above remarks were made by Qin Huasun at a Spring Festival reception held this evening at the Chinese Permanent Mission to the United Nations. Nearly 400 people, including noted figures of Chinese origin from scientific and technological circles in the New York area and representatives of New York-based Chinese companies, attended the reception.

At the reception, Qin Huasun reiterated: Taiwan is an indivisible part of Chinese territory. No matter how the method of selecting Taiwan leaders has changed, the fact that Taiwan is a part of Chinese territory cannot be changed and the fact that Taiwan leaders are only leaders of a region in China cannot be changed. Ending the state of separation between the two sides of the strait and accomplishing the great cause of the reunification of the motherland is the common desire of compatriots on both sides of the strait, and is also the desire of the descendants of the Yellow Emperor at home and abroad, and is an irresistible historical trend. The Chinese Government and people have the determination, ability, and method to eliminate any interference and accomplish the great cause of the reunification of the motherland.

At the reception, Qin Huasun also briefly talked about the implementation of China's Ninth Five-Year Plan and its long-term target for the year 2010.

PRC: Commentary on Li Teng-hui's Mainland Policy

OW1802050496 *Beijing China Radio International in Mandarin*
to Hong Kong, Macao, the Zhu Jiang Delta, and Southeast Asia

[Commentary: "What Is the Root Cause of Strained Cross-Strait Relations?"; from the "Report on Current Events" program]

[FBIS Translated Text] Listener-friends: Jiang Zemin, general secretary of the CPC Central Committee, delivered a New Year's speech on 30 January 1995. His speech elicited enthusiastic reactions at home and abroad, with people in various circles generally giving affirmative and positive assessments. People on both sides of the Taiwan Strait expected a well-meaning response from the Taiwan authorities. However, Li Denghui [Li Teng-hui] delivered a six-point speech on 8 April 1995 that evaded substantive issues and dwelled on nonsubstantive ones. The speech lacked innovative ideas and deliberately stressed the proposition of rule under separate regimes. Moreover, Li Denghui went to the United States in an attempt to seek independent sovereignty for Taiwan in the international community. His speech at Cornell University in the United States made 18 references to the Republic of China [ROC] and the ROC on Taiwan. He also openly mentioned the need to challenge the impossible, which, in effect, meant the one-China principle. This was yet another instance that exposed more fully Li Denghui's attempts to break up the motherland.

Instead of feeling ashamed, Li Denghui regards as an honor the activities he carried out in the United States

to break up the motherland. He is still talking about it with great delight. Although he has been forced to say some things about reunification under the pressure of public opinion, his remarks lack sincerity and are designed to deceive the public. Li Denghui is good at acting according to circumstances, openly advocating Taiwan independence when he thinks the conditions are favorable to him. When he thinks the conditions are not so favorable, he advocates a disguised form of Taiwan independence — the existence of two Chinas. Taiwan independence [tai du — outright independence] and an independent Taiwan [du tai — de facto independence] aim at achieving the same goal by different routes, and their goals of breaking up the motherland are identical. The difference is that one is radical and overt, the other gradual and covert. The latter is more deceptive and dangerous than the former.

Speaking at a meeting in Gaoxiong [Kaohsiung] on 4 February 1996, Li Denghui said that he alone had the courage to bring about a detente in cross-strait relations that had not been seen in nearly 50 years. He expressed indignation and displeasure with some people who blame him for the current strained cross-strait relations, and he has defended himself time and again. Since taking office in Taiwan, Li Denghui has attempted to internationalize the Taiwan issue, has condoned and supported Taiwan independence forces at home, and has sought the support of and relied on foreign anti-China forces. He has also defined cross-strait relations — a domestic affair — as relations between two countries. Consequently, the Taiwan issue has remained unresolved for a long time. This is the crux of the problem and the starting point of Li Denghui's current policy toward the mainland. In short, Li Denghui's current policy toward the mainland consists of one country and two entities, rule under separate regimes, implementation before a declaration of intentions, and sham reunification and real independence. The so-called one country and two entities means one country with two equal political entities. The concept of one country is false and that of two equal political entities is real.

Future cross-strait relations will continue to be complex and volatile. Nevertheless, the fight against separatism and Taiwan independence by all Chinese people, including Taiwan compatriots, will not stop as long as the Taiwan authorities continue their activities to break up the motherland. Although the path toward the motherland's reunification is tortuous, no one can buck the historical trend toward reunifying the motherland and rejuvenating the nation. Li Denghui will eventually fail in his attempts to stop this overwhelming trend.

PRC: Official Urges Direct Cross-Strait Phone Links*OW1902104696 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 16 Feb 96*

[From the "News Square" program]

[FBIS Translated Text] Listener-friends: China's Directorate General of Telecommunications is the department in charge of China's telecommunications sector. Cross-strait telephone and telegraph links fall under its area of responsibility. Mr. (Zhang Ligui), director of China's Directorate General of Telecommunications, recently spoke about the history and current state of cross-strait telecommunications links. Director (Zhang) urged Taiwan to hold early consultations with the mainland regarding direct cross-strait telecommunications links. The following are Director (Zhang Ligui's) remarks:

[Begin (Zhang) recording] Thanks to the full support of national and regional telecommunications organs and the joint efforts of telecommunications workers on both sides of the Taiwan Strait in recent years, cross-strait telecommunications links have evolved from an absence of contacts in the past, through one-way telecommunications links from the mainland to Taiwan, to today's two-way links. This process has occurred over a lengthy period, spanning a decade or so. Cross-strait telecommunications links have increased contacts between compatriots on both sides of the Taiwan Strait and promoted cross-strait economic, trade, scientific and technological, cultural, academic, and sports exchanges and development.

Thanks to the efforts of telecommunications workers on both sides, cross-strait telephone links have developed quite rapidly in recent years. Since 1989, when the two sides initiated telephone links, telephone calls from the mainland to Taiwan have increased at an annual rate of 70.5 percent [figure as heard]. By 1995, the number of telephone calls from the mainland to Taiwan had reached 40.88 million, totaling nearly 116.6 million minutes. The number of telephone calls to Taiwan ranked second among calls from the mainland to overseas. Cross-strait telephone calls over the next few years are expected to grow at an annual rate of more than 20 percent.

To satisfy the telecommunications needs of different customers, the two sides of the Taiwan Strait have also introduced other services in recent years. These include [words indistinct] from Taiwan to the mainland, telephone card business, telegraph services for special occasions, and digital packet switching. Facsimile services are also planned for the near future. These services are

highly popular with compatriots on both sides of the Taiwan Strait and with vast numbers of customers.

It should be noted that current cross-strait telecommunications links are made through telecommunications organs in a third region. As such, they are not direct cross-strait links. They are subject to indirect control by the third region, to which both sides pay hefty connection fees. This imposes an enormous financial burden on telecommunications departments on both sides. Each year, the mainland pays some \$20 million in connection fees to the third region. Taiwan's telecommunications departments also have to pay connection fees that are more or less equivalent. Connections through a third region have somewhat affected the quality of communications. Moreover, they have made it inconvenient to provide new services to customers, thus greatly restricting the development of cross-strait services.

Currently, the conditions are ripe for achieving direct telecommunications links. China's Directorate General of Telecommunications will enthusiastically respond to the five-point directive issued by Post and Telecommunications Minister Wu Jichuan, and it has made preparations in accordance with this directive. If Taiwan agrees, we are willing to hold discussions at any time and in any place regarding establishing direct cross-strait telecommunications links. We may discuss specific methods for achieving direct links through existing governmental communications means, such as submarine telegraph lines and satellites. We may also discuss laying direct, cross-strait submarine fiber-optic cable and establishing other communications means. We look forward to that day, so we can achieve direct cross-strait telecommunications links — which are jointly anticipated by compatriots on both sides of the Taiwan Strait and eagerly awaited by telecommunications workers on both sides — at the earliest possible date and make due contributions to promoting cross-strait economic and trade contacts. [end recording]

PRC: Taiwan Investment in Zhejiang From 'Big Investors'*OW1502144696 Beijing ZHONGGUO XINWEN SHE in English 1129 GMT 15 Feb 96*

[FBIS Transcribed Text] Hangzhou, February 15 (CNS) — The bulk of Taiwanese investment into Zhejiang province comes from big investors, according to a Zhejiang provincial government official.

Of the 2,400 Taiwanese funded enterprises and projects in the province, 60 have invested over US\$ 10 million and account for two third of the total contracted investment of US\$ 3.2 billion from Taiwan.

Presently, of the top 100 Taiwanese firms, over 20 percent have invested in Zhejiang in Southeast China.

Qiu Mingfa, director of the provincial Taiwanese Affairs Office, said in a CNS interview today that Taiwanese investment began to pour into Zhejiang in large amounts in 1992 at which time there were about 500 Taiwanese enterprises with a total contracted investment of US\$ 500 million.

Last year, 15 new Taiwanese firms were set up, each being invested to the tune of over US\$ 10 million. Moreover, high-tech projects began to replace labour-intensive investment.

With good economic returns, these enterprises reinvested profits of up to US\$ 120 million last year, Mr. Qiu said.

The provincial government supports these Taiwanese businesses and takes action to protect their legitimate rights. The official revealed that legislation would be formulated by the provincial government in this regard. Similar regulations are in place in other cities and counties. These measures attracted more Taiwanese investors, said Qiu.

Taiwan: Envoy Speaks 'Highly' of Perry's Speech
OW1902010296 Taipei CHUNG-YANG JIH-PAO
in Chinese 16 Feb 96 p 3

[FBIS Translated Text] On the evening of 15 February, Tu Chu-sheng, our ambassador to Senegal, left by plane via Paris for Dakar, the capital of Senegal, to assume his new post. Prior to his departure, he pointed out: Since the United States is paying close attention to the Taiwan Strait issue, our people need not panic.

Tu Chu-sheng, former director of our country's representative office in Chicago in the United States and former director of the Foreign Ministry North American Affairs Department, is quite conversant with European and U.S. affairs. He spoke highly of U.S. Defense Secretary Perry's presentation at the National Defense University on 14 February, maintaining it was the only speech during the past eight months of strained cross-strait relations that gave prominence to the seriousness with which the United States views the Taiwan Strait issue. To avoid offending the Chinese Communists or encourage Taiwan independence, Perry neither openly favored a policy of preventing attack nor promised any military action. Nevertheless, our people can detect some implied message in his speech, which they can use to build up their confidence and mentally prepare themselves to ward off attack.

Taiwan: SEF Chief on Possible 'Policy Dialogues' With PRC

OW1802170996 Taipei CHUNG-KUO SHIH-PAO
in Chinese 13 Feb 96 p 2

[FBIS Translated Text] Ku Chen-fu, chairman of the Straits Exchange Foundation [SEF], said on 12 February: The SEF currently performs the task of holding government-authorized negotiations, mainly to discuss routine cross-strait issues. Nevertheless, the two organizations on both sides can also hold "policy dialogues" on topics of common interest. The SEF's functions can be changed and adjusted at any time. However, he said that the meaning of "policy dialogues" is different from that of "political talks."

Ku Chen-fu expressed the aforementioned views while answering a reporter's question on the possibility of the SEF holding talks with the mainland's Association for Relations Across the Taiwan Strait [ARATS] on political topics to "end cross-strait hostility." Ku was asked the question during his routine inspection of SEF operations on 12 February. He said: The SEF can hold talks on the aforementioned topics with ARATS if the government department in charge authorizes it. However, no such authorization has been granted yet.

During a recent meeting of the Mainland Affairs Council Advisory Committee, several committee members suggested we take the initiative in inviting Wang Tao-han [Wang Daohan], the mainland's ARATS chairman, to visit Taiwan to improve communications and understanding between high-level officials in charge of the two organizations on both sides of the Taiwan Strait and relieve the tension in cross-strait relations. Commenting on this suggestion, Ku Chen-fu maintained: Both the SEF and ARATS should do their best to pursue any course of action that will help relieve the tension in cross-strait relations. Given the postponement of talks between the two organizations and the absence of any sign of resuming such talks from the other side, we do not know whether the other party will accept our invitation. We must consider this issue carefully.

Taiwan: PRC To Begin 30-Day Exercise After Spring Festival

OW1802105596 Taipei CHUNG-KUO SHIH-PAO
in Chinese 16 Feb 96 p 3

[FBIS Translated Text] (CHUNG-KUO SHIH-PAO dispatch from Hong Kong, 16 February) — According to a disclosure by authoritative sources close to the Chinese communist military here, Chinese communist liberation army troops amassing along the coastal areas of Fukien [Fujian] will not hold a military exercise during the Spring Festival. However, a large-scale exercise by the liberation army will officially begin after the Spring Festival and last approximately a month.

The authoritative sources point out that, because of the Chinese communist military's extremely unyielding stand in advocating war, Chinese Communist General Secretary Chiang Tse-min [Jiang Zemin] may inspect southeastern coastal areas after the Spring Festival to appease the military. It cannot be confirmed whether Chiang Tse-min will inspect Fukien's coastal areas, but sources affirmed that Chiang's current attitude is inclined toward holding a military exercise to deal with Taiwan, not a military invasion of Taiwan.

The sources stressed that a military exercise could begin at any time, because the liberation army has completed assembling troops along the coastal areas of Fukien. However, considering that the Spring Festival is a traditional holiday for the Chinese people, the reaction of overseas Chinese, and in order not to affect the Lunar New Year celebrations of local people in the Fukien exercise areas, the Chinese communist military has decided to postpone the planned military exercise until after the Spring Festival. Because the Chinese communist Spring Festival holidays last about seven days, the official military exercise may start after 26 February, although the possibility of starting it on 22

February cannot be ruled out. The exercise will reach its peak just before the presidential elections in Taiwan.

It has been learned that the military exercise by the Chinese communist liberation army will proceed from island to island, north to south, along the coast of Fukien. It will gradually increase in scale and intensity to achieve the objective of exerting pressure on the people of Taiwan and influencing the presidential election there.

Taiwan: Minister Exhorts Troops To Fortify Defenses

OW1902025696 Taipei CHUNG-YANG JIH-PAO in Chinese 17 Feb 96 p 2

[FBIS Translated Text] In view of the Chinese Communists' recent military threats, Defense Minister Chiang Chung-ling said on 16 February that the Armed Forces have in place measures for dealing calmly with any threat from the Chinese Communists. He exhorted officers and men of the Armed Forces to foster a common understanding and go all out to fortify defenses to safeguard national and social stability.

Chiang Chung-ling made the above remarks while chairing the 1996 Spring Festival dinner for the Defense Ministry's officers corps. Senior military officers, including General Luo Pen-li, chief of the General Staff, and General Staff Department officers attended the dinner by invitation.

In addition to thanking all Defense Ministry officers for their efforts over the past year to build up the military in preparation for possible war, Chiang Chung-ling said in his speech: The effort to build up second-generation troops is gradually showing results. Effective training has strengthened the military's fighting power.

Chiang Chung-ling stressed that the armed forces have measures for dealing calmly with any threat from the Chinese Communists. He exhorted officers and men of the armed forces to foster a common understanding and make every effort to foster defenses to safeguard national and social stability.

On behalf of the officers corps, General Tang Fei, vice executive chief of the General Staff, promised the defense minister that the officers would do everything in their power while on duty to achieve the predetermined goal of building up the military in preparation for possible war.

Taiwan: Vice Premier on Monitoring PRC Exercise
OW1902010896 Taipei LIEN-HO PAO in Chinese
16 Feb 96 p 1

[FBIS Translated Text] Regarding the mainland's deployment of additional troops along the southeast coast across from us in preparation for military exercises that could take place at any time, Vice Premier Hsu Li-te said on 15 February: During Spring Festival, relevant departments will follow these activities more closely than usual. Relevant government agencies will also meet constantly to exchange information and suggestions for handling pertinent matters. He expressed the hope that people in various circles would stop worrying, saying that the government would immediately deal with any activity that arises, and that the Defense Ministry would release information to the public at an appropriate time.

On the morning of 15 February, Hsu Li-te met with Ting Mao-shih, National Security Council secretary general, and some members of an ad hoc policymaking body. Although he declined to reveal the meeting's discussion, he emphasized: The establishment of the policymaking body shows how seriously the government views the matter. The policymaking body's staff meets regularly to exchange views so they can make appropriate suggestions to the president and premier as necessary. This is a responsible approach. Therefore, I will be meeting regularly with Ting Mao-shih in the near future.

Hsu Li-te added that either he or Lien Chan would remain on duty in Taipei during the Spring Festival to deal with relevant matters as they arise. It is understood that relevant departments, including the Mainland Affairs Council and the Defense Ministry, will place high-level officials on duty during this year's Spring Festival to follow developments across the Taiwan Strait as they arise.

Taiwan: Premier Lien Addresses Troops on PRC Exercises

OW1702143896 Taipei Voice of Free China in English 0200 GMT 17 Feb 96

[FBIS Transcribed Text] A Ministry of National Defense official of the Republic of China [ROC] confirmed that Beijing has deployed over 150,000 troops for military exercises on the coast near the frontline Matsu Island. Matsu is located about 10 kilometers from Mainland Chinese southeastern coast.

[Words indistinct] reported on Thursday that Mainland China's war games are to start on 21 February. They are to start on the island of Pingtan, which is about 82 kilometers southwest of Matsu.

The premier [Lien Chan] of the Republic of China said the Taiwan's military forces should aim to stop war, but not fear war; prepare for war, but not ask for war, while facing Beijing's expected military exercise near Taiwan next week.

President Li in recent years has worked to break out of the diplomatic isolation imposed by Mainland China. He has thus become the target of Beijing's verbal salvos [as heard] after he visited the U.S. last June. The visit was hailed in Taiwan as a diplomatic triumph, but infuriated Mainland China and has driven ties with Beijing to the lowest ebb since the mid-1980s. Beijing vows to attack Taiwan if the island drops its pledge to reunify and tries to declare independence.

The premier of the Republic of China urged Taiwan's forces to be ready for anything. He said: Mainland China's exercise aims to destabilize Taiwan before next month's presidential election and reduce support for President Li Teng-hui.

Taiwan: Fishermen Report Mainland Closing Ports
OW1802234896 Taipei LIEN-HO PAO in Chinese
14 Feb 96 p 3

[FBIS Translated Text] As the mainland military is going to hold a military exercise along the Fukien [Fujian] coast, fishermen said Sansha port, which was one of the last ports open to Taiwan fishing boats, will be closed for a month starting 15 February. Fishermen said fish prices are expected to rise in the next month. Although Taiwan's shipowners and fish mongers have started to hoard fish and mainlanders have even resorted to netting small fish, a fish shortage is widely expected.

According to a reliable source, mainland fishing companies have for some time spread the news that ports would be off limits to fishing boats because of the impending military exercise. Starting last week, Pingtan, Nanzhong, and Dongao, which are nearest to Taiwan's Hsinchu, were made off limits to Taiwan vessels. It has also been learned that Sansha, Mawei, and Songxia, which are farther north of Hsinchu, will be off limits to Taiwan vessels starting 15 February.

On the morning of 13 February, some fishing boats still took the risk of sailing for the mainland in hopes of making a quick dollar during Spring Festival, before the port closed. However, more fishing boats chose to stay put for fear of being stranded in the mainland for up to a month and of incurring big losses.

Hsinchu Fishing Association Chairman Huang Wu-ping said he also got news of Fujian fishing companies' ceasing to send their boats to waters off Guangdong and north Vietnam. Because of the military exercise,

they worry about possible losses brought about by unsold fish. Fish prices were being driven up with the approach of Spring Festival. Some high-price fish are even unavailable on the market.

A Hsinchu Fishing Association staff member said that if the past is a guide, the period in which fishing boats' operations were affected by Communist Chinese missile tests usually did not last long. The present three-armed services exercise, which has caused the closure of the fishing port, is unheard of since Taiwan opened itself up to the mainland. Because mainlanders are unpredictable in handling things, they close ports whenever they please. Fishermen said ports will be closed for a month beginning 15 February. However, one can never tell if the closure duration will be reduced to 20 or 25 days.

Fishing circles believe that even a temporary suspension of the fish supply from the mainland will create fluctuations in the post-Spring Festival aquatic product market. Fish that are on Taiwan residents' dinner tables and in restaurants, distributed from the Taipei central wholesale market, come from the other side of the strait.

Taiwan: Penghu Command Denies 'Condition 3' War Preparations

OW1802120496 Taipei LIEN-HO PAO in Chinese
16 Feb 96 p 3

[FBIS Translated Text] Reacting to a news report that Penghu had gone into "condition 3" war preparation, Fan Tzai-yu, commander of the Penghu Defense Headquarters, denied it was true when he spoke at a luncheon yesterday. He posed a question in response: "If this were true, would I be sitting here with the director of the Political Warfare Department?"

In addition, during an extraordinary meeting of the Penghu County Council on the afternoon of 14 February, some council members asked the government to reinforce troops in the county by 10,000 men. Defense Headquarters staff said no such request had been received, adding there were plans to send some new recruits to the county for military training.

Fan Tzai-yu indicated that to safeguard national defense security during peacetime, the National Army carries out war-preparedness activities according to regulations. He said: As the Mainland side has repeatedly been sending out words recently, we naturally must take them seriously, because an exercise is like an operation. The other side may provoke war simply by giving an order.

As a result, he said, he had asked all military services to strengthen their training. However, as in the past, there would be a break during the Spring Festival. They have

not been affected by the tensions between the two sides of the strait.

Pan Tzai-yu also said: As a result of tension between the two sides of the strait, there are many indications that once war breaks out, the Chinese Communists may make Penghu an advance base for an attack on Taiwan. Penghu has no natural barriers; its shortcoming is that it is easy for attackers to attack and difficult for defenders to defend. The military, therefore, has completed all preparations. In addition to strengthening antilanding and anti-airdrop training, we must strengthen defense works at the decisive point of battle to prevent the enemy from advancing.

Taiwan: General Expects PRC To Use Missiles During Exercise

OW1702154096 Tokyo KYODO in English
1513 GMT 17 Feb 96

[FBIS Transcribed Text] Hong Kong, Feb. 17 KYODO — Taiwan's military believes China is preparing to launch missiles during upcoming military exercises along the Fujian coast across the Taiwan Strait, Taiwan's semiofficial CENTRAL NEWS AGENCY (CNA) reported Saturday.

Gen. Tang Fei, deputy chief of staff, told a cabinet panel dealing in relations with China "there is a possibility that missiles will be launched."

Press reports say China is planning to hold large-scale military exercises around Taiwan's March 23 presidential election.

Tang said the Chinese military is moving a missile unit from its base in Jiangxi Province to the exercise area in Fujian Province to the south.

"The troop movements are considered to be for the launching of missiles after the conclusion of the maneuvers," Tang was quoted as saying.

He said Chinese troops started to gather in Fujian Province from the beginning of this month and have apparently finished basic preparations.

But he expressed confidence the drills would not be held during the Lunar New Year or Spring Festival holiday, which falls on Feb. 19 this year. People on both sides of the Taiwan Strait celebrate the spring festival with family reunions.

As for the exercise area, he cited the region stretching from Lianjiang, some 30 kilometers northeast of Fuzhou to the offshore island of Haitan and Putian, about 90 km south of the provincial capital.

Upon hearing Tang's report, Taiwan Premier Lien Chan instructed the island's military to take appropriate

precautions, while noting that Taipei "does not seek war."

China last year demonstrated its anger over Taiwan president Li Teng-hui's private visit to the United States by conducting a series of military exercises involving live missile launches into the sea off Taiwan.

At the time Beijing, however, announced the missile tests ahead of the drills. China's showing off its military power was also seen as an attempt to discourage Taiwan voters from strengthening the island's pro-independence forces in the December general election.

By staging another series of war games Beijing hopes to erode voter support for Li, who will stand for reelection in the island's landmark presidential election, the first to be held under public suffrage.

China, which views Taiwan as a breakaway province, has accused Li of secretly promoting independence.

Taiwan: Li Teng-hui Says Taipei Not Bowing to PRC 'Coercion'

OW1702112196 Taipei Voice of Free China
in English 0200 GMT 17 Feb 96

[FBIS Transcribed Text] President Li Teng-hui of the Republic of China arrived at a military base on the frontline island of Kinmen, just about two kilometers off Mainland Chinese southeastern coast. The president said that Taiwan would not bow to Beijing's coercion. President Li urged people voting in the country's inaugural presidential election on 23 March to choose a leader who would not weaken at the sound of thunder. President Li said: "We are seeking diplomatic space and international stature for the survival of the nation and the international dignity of our people. This cannot be changed by any threat or coercion."

Taiwan: Li Teng-hui Says Taiwan Not Mainland Province

OW1702120996 Taipei CHUNG-YANG JIH-PAO
in Chinese 8 Feb 96 p 3

[FBIS Translated Text] Responding to overseas media reports on Communist China's forthcoming military exercise, President Li Teng-hui said it was absolutely impossible that communism would survive, the Republic of China (ROC) was absolutely not one of the mainland's provinces, and that such a sovereignty consciousness and ideology would lead nowhere.

President Li Teng-hui made the remarks on 7 February while attending the 1996 seminar for labor union cadres on labor issues.

President Li also stressed: We do not want to enter into a game judging which is the stronger, which the weaker; which the richer, which the poorer; or who has the bigger stick. He made the comments not because he wants to emphasize Taiwan's independence, but because he wants his countrymen to have more dignity and to more thoroughly release stored-up vitality.

A certain overseas newspaper reported that Communist China plans to hold a combined, three-service military exercise along the Fujian coast that would start on 10 February and end before the spring festival. President Li said communism absolutely cannot survive in the present world. Any nation that did not practice democracy would be looked down upon by all. Freedom and democracy are the goals that all governments were striving for.

President Li also said the mainland's sovereignty consciousness and ideology, namely, that "the Republic of China is one of the mainland's province," will not work, because there is absolutely no such thing. President Li also used such points as "Taiwan has not been under the mainland's control for a single minute or second, and is not even subject to its taxation" to stress the importance of the de-facto sovereign existence of the Republic of China.

President Li said the Republic of China has been in existence for 85 years. The kind of sovereignty consciousness and ideology held by Communist Chinese will lead absolutely nowhere. Would it not be better to let the people cooperate with each other? After we withdrew from the United Nations, many thought the Republic of China was finished. However, the Republic of China rose from the ashes. Flabbergasted, Communist Chinese fear we might have more tricks up our sleeves.

Taiwan: Radio Reports Li Teng-hui's New Year's Eve Message

*OW1902140296 Taipei China Broadcasting Corporation News Network in Mandarin
2300 GMT 18 Feb 96*

[Report on President Li Teng-hui's New Year's Eve speech made on 18 February; from the "Hookup" program — recorded]

[FBIS Translated Text] Please listen to President Li Teng-hui's New Year's Eve speech made yesterday.

[Begin Li Recording] Respected and beloved countrymen, how are you? First, I want to extend New Year greetings and best wishes to you all.

According to the Chinese people's tradition, on the eve of the Lunar New Year, a family sits around to eat a reunion feast and drink wine. Apart from the

intention of seeking health and longevity, the family reunion feast represents wishes that all hardships will be overcome, that the family will meet with success, and that no misfortune will ever befall it. These kinds of wishes exist universally in the hearts and minds of the Chinese people, and they are most frequently extended to friends and relatives on the occasion of the Lunar New Year. From a personal perspective, to seek harmony, we should stress [words indistinct]. From the perspective of the nation's future and development of society, our historical experience tells us that a sound political system is the key to ensuring long-term national development and social harmony and stability. This is why in recent years the people of the whole country, defying all difficulties and obstacles, have resolutely engaged in a series of political reforms. In the past few years the government has lifted martial law, taken the initiative to amend the Constitution, and successfully held several national elections at a local level. The aim is to build a permanent system for the country's future development. In particular, in the not-too-distant future, that is on 23 March, if we can accomplish the first direct popular presidential election and truly realize Dr. Sun Yat-sen's national building ideal of sovereignty belonging to the people, it will mean we have completed the work of reforming the state structure in line with the provisions of the Constitution. The present task is to focus on promoting major construction projects that have a vital bearing on the national economy and people's livelihood, so as to build up our national stamina and prepare for our march toward the 21st century.

Respected and beloved compatriots of the whole country, a lot of changes will take place in the process of marching toward democratization. We must unite all forces to realize our goal of ensuring the welfare and safety of our posterity from generation to generation. We must see to it that each generation is better off than the last. While looking toward the future, we should do our best to solve our immediate problems. Life is short, and so is personal gain, but the life and interests of the country and nation are long. Let us think together of our long-term interests. Let us once again encourage one another so that we make greater efforts in the coming year, because only by advancing firmly step by step can we continue advancing.

[words indistinct] May I take this opportunity to wish you happiness, good health, and success in both family and national affairs. Thank you. [end recording]

Taiwan: Li Teng-hui Denies Promoting Independence

OW1702131496 Taipei LIEN-HO PAO in Chinese
14 Feb 96 p 2

[By reporters You Wen-pao (3266 2429 1405) and Liu Ai-sheng (0491 1947 3932)]

[FBIS Translated Text] Chungli — The north and south Taoyuan County presidential campaign headquarters of Li Teng-hui and Lien Chan were inaugurated yesterday, amid the cheers of more than 10,000 people. Speaking at the opening ceremony, Li Teng-hui said: The decisionmaking panel set up by the Executive Yuan finished preparations [to rejuvenate the economy] two or three months ago. He stressed that the Li-Lien ticket must receive more than 50 percent of the vote in Taoyuan; if not, he said, the mainland, foreign countries, and the left and right factions will look down on us. Li Teng-hui also refuted allegations he had embarked on promoting Taiwan independence or creating an independent Taiwan.

For his part, Lien Chan chided those who labelled President Li a Taiwan independence advocate. He said these people had confused black and white and called their allegations totally groundless.

On two occasions when he took the floor, Li Teng-hui said claims that he was promoting Taiwan independence or creating an independent Taiwan "could really make people laugh themselves silly." He said people would not believe the allegations, which had been made by the Chinese Communists, adding that people were very clear about the work he had done for them. While the Chinese Communists were preparing to conduct another military exercise, he said, some accused him of trying to establish postal, commercial, and shipping ties with the communists. Accusing me of doing this when our immediate problems have not yet been taken care of shows these people lack common sense despite being learned, he noted.

Lien Chan also denounced certain people for asking the government to immediately establish postal, commercial, and shipping ties with the Chinese Communists at a time when the Chinese Communists wanted to attack Taiwan with missiles. He said such people do not have a modicum of self-dignity. He said: Those who accuse President Li of promoting "Taiwan independence" or creating an "independent Taiwan" are confusing black and white; and their allegations are totally groundless. He asked: I wonder whether these people can sleep peacefully at night "without a guilty conscience" after they have made such accusations?"

Commenting on the Chinese Communists' military exercises, Li Teng-hui said: Taiwan's democratization is what the other side (referring to the Chinese Communists) fears, so they deliberately fired their missiles to see if our stock market would plummet. In fact, the interim decisionmaking panel the Executive Yuan set up prepared for such an eventuality two or three months ago, and its preparations "could not have been more successful." He said: The purpose of establishing the panel was to assist small and medium-size businesses; I am not saying this casually for the sake of the campaign.

On cross-strait relations, Li Teng-hui said: The two sides had bona fide exchanges in only four of the past 100 years. This is like a "father and son who have not seen each other for 100 years." Certainly there is estrangement. They do not know how to talk to each other after all these years of separation. How can we discuss reunification now, when the per capita income of people in Taiwan exceeds \$13,000 annually and we live in freedom in a democratic society, whereas the per capita income of people on the mainland is only \$400, \$800, or at most \$1,000 a year; they are not free; and their society is not democratic? Taiwan is different from Hong Kong. The government of the Republic of China [ROC] is doing very well, how can there be two systems in one country? The Chinese Communists must "change." The Chinese Communists want to conduct military exercises because they are afraid Taiwan will be even better off after the presidential election.

Lien Chan said that cross-strait relations should be peaceful and reciprocate around the development of economic relations and trade. He said he opposed the annexation of Taiwan by the Chinese Communists, said the two sides should seek similarities while reserving differences, and said Taiwan's security should be based on a strong defense. In fact, he said, the government started to build its second-generation of forces two or three years ago.

Taiwan: 'Scaled Down' Military Exercise Planned for May

OW1902044996 Taipei TZU-LI WAN-PAO in Chinese
15 Feb 96 p 3

[FBIS Translated Text] It has been confirmed that the joint tri-service military exercise codenamed "Han Kuang No. 12," which was originally planned for mid-November 1995, is scheduled to be held in Yilan in early May, although the exercise date has yet to be approved. The exercise, which would have involved troops and live ammunition on a large scale, will be scaled down substantially as a result of strained cross-strait relations.

The "Han Kuang" joint tri-service military exercises figure prominently in the military's annual maneuvers. Normally, the three armed services' headquarters take turns conducting the exercises. Because of political considerations, "Han Kuang No. 12" for 1996, which was originally planned for 5-9 November 1995 along the coast from Taichung to Changhua, was postponed to 14-17 November. It was again postponed to early May 1996 to avoid unduly inflaming emotions on both sides amid strained cross-strait relations.

Military sources said: The 10th Army was originally assigned to conduct the exercise. However, high-ranking military officers said that if the exercise were staged on the west coast amid the current cross-strait military tensions, it could raise suspicions of military provocation among the Chinese Communists. Setting this consideration aside, there was also the consideration that the three armed services were intensifying efforts to redeploy their troops in the east. To test each region's combat readiness, the General Staff Department decided to move the exercise to Yilan and put the 6th Army in Theater No. 3 in charge of the exercise.

The sources pointed out: As originally planned, "Han Kuang No. 12" would have featured mainly antiship and antiparachute-landing maneuvers to test the three armed services' ability to provide closely coordinated support through aircraft and artillery fire. Although the General Staff Department had planned to include Tien Kung [Sky Bow] antiaircraft missiles in the exercise, General Luo Pen-li, chief of the General Staff, said that the purpose of the exercise was to test the military's training achievements, not showcase military strength. He asked the 6th Army to change the exercise to antisubmarine and battlefield defensive operations. Hence, the exercise planned for early May will feature practical maneuvers instead of a dazzling display of firepower.

The military sources stressed: The east serves as a protective screen with reserve fighting power during the latter stage of defensive operations in the Taiwan Strait. In the past, the strategy of "crack troops and massive firepower" [a small number of troops and heavy firepower] was adopted in deploying troops in the geographically advantageous east. Because of the Chinese Communists' gradual expansion of their maritime power, the east has been upgraded from a second-line to a first-line battlefield that is as important as the west. The Defense Ministry is actively redeploying troops in the east to accommodate the needs of a future war.

Taiwan: Legislature Considering Peace-Seeking Mission to PRC

*OW1902105396 Taipei Voice of Free China
in English 0200 GMT 19 Feb 96*

[FBIS Transcribed Text] The legislature of the ROC [Republic of China] said on Saturday that it may send some deputies on a peace-seeking trip to Mainland China. A special task force formed by the Legislative Yuan to cope with cross-strait tensions held its first meeting on Saturday morning. The group later issued a statement calling for peace between Taipei and Beijing. The statement said, and we quote, we hope to organize a team of lawmakers to visit Mainland China at a proper time to express our determination in pursuing democracy and peace.

The speaker of the legislature heads the task force. He said that the time for a lawmaker's visit will not come unless Beijing gives a warm response to their statement. The opposition Democratic Progressive Party said that they must visit the mainland with dignity.

The statement was issued amid reports that Mainland China has mobilized 150,000 troops for a military exercise in Fuchien [Fujian] Province, just across from Taiwan. The exercise was apparently slated for just after the Chinese New Year holiday. The drill was widely believed to be an effort by Beijing to destabilize Taiwan in a runup to the country's first ever direct presidential election on 23 March.

Taiwan: Committee Stresses Commitment to Democratization

*OW1702105196 Taipei CNA in English
0958 GMT 17 Feb 96*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Feb. 17 (CNA) — The ad hoc committee formed by the Legislative Yuan to cope with the strained ties across the Taiwan Strait held the first meeting on Saturday and issued a statement vowing to keep pushing for the democratization of Taiwan.

"We insist that the democratization of (Taiwan) must not [words indistinct] which guarantees to help peace in the strait, the statement says.

It says the special legislative committee would like to visit the mainland on an "appropriate occasion" to display their commitment to democracy and peace.

However, Liu Sung-fan, the convenor of the committee and concurrently president of the legislative chamber emphasized that Beijing has to reduce hostilities to

pave the way for such goodwill visit. The committee comprises legislators from the ruling Kuomintang, the opposition parties and independents.

The statement also asks the Beijing leadership to think twice before taking any steps that may "harm democracy and peace" in the strait. The statement came amid reports that the Chinese Communist military is preparing to launch [words indistinct] scale military exercise in Fujian Province across from Taiwan after the Chinese New Year. The military drill his intended to influence the first presidential and vice presidential race in the Republic of China on March 23.

Meanwhile, Premier Lien Chan also heard a briefing by the cabinet's ad hoc contingency committee on the recent developments in the Taiwan Strait. The intra-ministerial committee was formed earlier this week to handle the escalation of tensions in the strait.

Taiwan: PRC Cargo Vessel Sinks; Marine Police Conduct Search

OW2002110796 Taipei CNA in English
1028 GMT 20 Feb 96

[By Benjamin Yep]

[FBIS Transcribed Text] Taipei, Feb. 20 (CNA) — All the 30 crew on board a China mainland cargo vessel are feared dead more than a day after ill-fated boat sank in the seas some 45 miles off Pukuichiao, northern Taiwan, Marine Police said on Tuesday [20 February].

The Gu Cheng, which is headquartered in Mainland China's (?Shandong) Province, issued a distress signal at 9:30 on Monday and has since lost contact. 8 helicopters and marine police vessels were sent to search survivors on Monday, but the rescue operations were forced to suspend due to high tides and strong winds.

On Tuesday, Marine Police sent two ships to the seas where the cargo vessel sank. (?But) only a few floating containers were spotted and there were no signs of life in the sea, a Marine Police officer said.

Su chi, deputy chairman of the Mainland Affairs Council (MAC), said the ROC [Republic of China] Government is conducting a 48-hour search in accordance with international precedent.

He said the mainland will be informed of updated development, if any survivors are found. But Su was not optimistic about the results of the ongoing search.

Taiwan: Police Seize 'Batch' of Mainland Weapons From Fishing Boat

OW1702115496 Taipei CNA in English
0928 GMT 17 Feb 96

[By Maubo Chang]

[FBIS Transcribed Text] Kaohsiung, Feb. 17 (CNA) — A batch of weapons and ammunition were seized by police and coastguard on a fishing boat off the port of Chungyun, Kaohsiung county on Friday night, according to the police.

Police said that they and the coastguard intercepted a Kaohsiung-registered fishing boat, "Sanhochuan" two miles off Chungyun port Friday night, and seized six China-made attack rifles, 11 pistols, 30 shotguns, about 50 grenades, and nearly 5,000 rounds of ammunition.

All of the contraband came from Mainland China, the police said.

Another fishing boat "Chinyuanlung" was seized later when approaching the Sanhochuan in an attempt to take the contraband.

Four smugglers, Huang Hsin-yi, Chao Yuan-lung, U Ho and Huang Chin-lai were arrested at the scene, while the alleged mastermind, Chang Shan-chin was arrested later in Kaohsiung city.

The fishermen said they were paid by Chang to smuggle weapons and the ammunition from mainland to Taiwan for a sum of NT\$2.4 million (about US\$88,888).

The police are probing Chang's motive for smuggling the weapons into Taiwan in the run-up to the island's first popularly presidential election [sentence as received].

***Taiwan: Public Perception of Taiwan Legal Status**

95CM0467A Taipei TZULI WANPAO in Chinese
16 Aug 95 p 3

[Dispatch by reporter Lin Ying-chiu (2651 3853 4428): "Sixty-Seven Percent of People Hold Taiwan Is Not a PRC Province"] txt)[FBIS Translated Text] Taipei—The Central Committee of the Democratic Progressive Party [DPP] this morning published the result of a public opinion poll on the question: "Is Taiwan a province of the People's Republic of China?" As many as 67 percent of the people interviewed said no; only 10 percent said yes. As pointed out by the DPP Election Policy Committee, the poll result shows that the above-mentioned proposition by the CPC leaders is purely a

wishful thinking, which runs counter to the mainstream of public opinion in Taiwan.

The above poll was conducted by the DPP Election Policy Committee between 7 and 11 August. A total of 1,441 people were selected from the telephone directory in a systematic way for the poll, which was successful carried out over the phone.

In the poll, the DPP Election Policy Committee asked the respondents straightforwardly: The CPC leaders hold that "Taiwan is a province (part) of the People's Republic of China." Do you agree with this? The result of the poll shows that 2.8 percent said they were quite agreeable, 7.2 percent barely agreeable, 17.2 percent not so agreeable, and 49.8 percent not agreeable at all. Those saying that they did not know accounted for 15.1 percent. Another 6.7 percent said it was hard to tell and they had no opinion. The remaining 1.1 percent either gave answers other than the above or refused to answer the question.

The DPP Election Policy Committee pointed out the result of the poll shows that two-thirds of the people of Taiwan do not agree with the CPC leaders' proposition regarding Taiwan, which is their wishful thinking and runs counter to the mainstream of Taiwan's popular opinion. Particularly noteworthy is that those opposed to the proposition that "Taiwan is a province of the People's Republic of China" were very firm in their attitude. Over one-half of them said that they were not "agreeable at all" to the CPC proposition about Taiwan.

Further analysis of the result of the poll shows that among the respondents, whether they believe they are Taiwanese or Chinese, over 70 percent expressed disagreement with the CPC proposition regarding Taiwan. Of those expressing agreement with the proposition, 49 percent said they are Chinese, 27.6 percent said they are Chinese as well as Taiwanese, 22.8 percent said they are Taiwanese, and 0.7 percent did not identify themselves as Chinese or Taiwanese. This implies that those believing they are Chinese are more likely to agree that "Taiwan is a province of the People's Republic of China."

As for identity with political parties, 72 percent of those identifying themselves with the Kuomintang, 80.4 of those with the DPP, and 79.9 percent of those with the New Party expressed disagreement with the proposition. This, the DPP Election Policy Committee says, indicates that objection to the proposition that "Taiwan is a province of the People's Republic of China" is a common understanding in Taiwan without party boundaries.

The DPP says that the result of this poll is indicative of the strong common ground of the 21 million people

in Taiwan with regard to Taiwan-PRC relations. The vast majority of the people of Taiwan hold that Taiwan is not a province of the PRC. This is a consensus of opinion regardless of party affiliation, ethnic group, age, educational background, sex, and even identity concerning nationality.

***Taiwan: National Identity Among Youth Surveyed**
95CM0467B Taipei TZU-LI WAN-PAO in Chinese
24 Aug 95 p 1

[Dispatch by reporter Su Chin-feng (5685 6855 7685):
"Fifty Percent of Youths Think They Are Taiwanese"]

[FBIS Translated Text] Taipei—"Are you Chinese or Taiwanese?" According to a poll by the Formosa Culture and Education Foundation, 50 percent of the youths believe they are "Taiwanese," whereas 38 percent say they are "Chinese." This shows that the young generation has an increasing tendency to be identified with Taiwan.

National identity is the most divided and hard-to-solve question within Taiwan. The Formosa Culture and Education Foundation's poll indicates that when introducing their country to foreigners, 51 percent of the respondents say the "Republic of China," 43 percent say "Taiwan," and 32 percent say "China." [figures as published]

As can be seen, the new new youth and new youth are clearly aware that the location and meaning of "China" do not refer to the place where they live, says Wu Shu-chen [0702 3219 3791], chairwoman of the foundation's board.

As for the answers to the question of "Chinese" or "Taiwanese" alone, the poll indicates that 50 percent of the answers are "Taiwanese," and 38 percent of the answers are Chinese. Those who say both account for 10 percent.

Wu Shu-chen says that, though more of the new generation identify themselves with Taiwan, a sizable number of people still cannot free themselves from the emotional influence of a "greater China."

On the whole, adds Wu Shu-chen, identity with Taiwan has become the prevailing trend. This is in line with the development of Taiwan's nativism in recent years. It also implies that this trend will increase in the future.

In addition, the poll reveals that females, people identified with the DPP, and native Taiwanese have a greater tendency to identify themselves with Taiwan. Males, those identified with the New Party, and non-natives are more likely to identify themselves with China. This is worthy of note.

***Taiwan: Poll Indicates Strong Support for UN Bid**
95CM0467C Taipei TZU-LI WAN-PAO in Chinese
26 Aug 95 p 2

[Dispatch by reporter Hui Chien (1979 1017): "National Action Committee Poll Shows Priority of Policy"]

[FBIS Translated Text] Taipei—On the eve of the 50th anniversary of the founding of the United Nations, the "National Action Committee of All Circles in Support of UN Bid" published the result of a public opinion poll this morning: Over one-half of the people interviewed held that the UN bid is necessary at present. Meanwhile, 60 percent of the people interviewed believed the greatest obstacle to the UN bid comes from the Chinese communists. In terms of priority, however, the "UN bid" ranks eighth among the various policies being pushed by the government. It is two notches behind "joining the GATT."

Today the "National Action Committee" published the result of the "public opinion poll on our country's UN bid." The poll was conducted by the "Public Opinion and Election Research Center of Chungshan University" at the request of the "National Action Committee." Telephone interviews were held 12-18 May with people aged 20 and older in the Taiwan area. A total of 4,497 people were selected for the interviews, and 1,125 of them responded. The response rate was 91.84 percent. [figures as published]

With regard to the appropriate time to seek UN membership, 26 percent of the people interviewed believed it should be "after we have been diplomatically recognized by most countries," 18.9 percent said "after improvement of cross-strait relations," and 15.3 percent said "after winning support from big, major countries."

Those saying "we should trust the government's judgment" accounted for 11.9 percent.

Among the people interviewed, 25.4 percent held that there is now a "very urgent need" to seek UN membership, while 24.8 percent believed it is "necessary" to do so. This shows that over one-half of the people interviewed believed there is a need at present to seek UN membership. As to the name, 39.7 percent said we should join the United Nations in the name of the "Republic of China," 4 percent said the "Republic of China on Taiwan," 18.8 percent said "Taiwan," and 1 percent said the "Republic of Taiwan." Meanwhile, as many as 20.4 percent of the people interviewed refused to answer this question.

In terms of priority, the "UN bid" ranks the eighth among the 13 policies being pushed by the government. According to the people interviewed, "administrative reform" should be the top priority, and both "maintenance of public order" and "social welfare promotion" are more urgent than "seeking UN membership." The sixth-priority task is "joining the GATT."

This poll was carried out before the Chinese communists' missile exercises. According to Ku Chang-yung, professor with the Chungshan Research Institute of Chungshan University, who was responsible for the poll, though the missile exercises may affect to some extent the opinions about "the priority of the policy," they should not have much effect on other questions, such as "the name to be used in joining the United Nations" and "the necessity of the UN bid." As such, he believes, the poll is still fairly representative of public opinion.

Hong Kong

Hong Kong: XINHUA Branch Official on SAR Selection Committee

OW2002084196 Beijing XINHUA Domestic Service
in Chinese 0741 GMT 12 Feb 96

[FBIS Translated Text] Hong Kong, 12 Feb (XINHUA)—XINHUA Hong Branch Deputy Director Zhang Junsheng said yesterday: The formation of the Selection Committee for the first Hong Kong Special Administrative Region (SAR) Government will be decided by the Preparatory Committee, which will study it in accordance with the Basic Law and the National People's Congress's (NPC) relevant decisions.

Zhang Junsheng said while attending an activity in the Saikung District in Hong Kong New Territories called "Celebrate the Return to the Motherland With One Heart and One Mind": Forming the 400-strong Selection Committee is one of the tasks of the Hong Kong SAR Preparatory Committee. As for how it is formed, the Preparatory Committee will study it and put forward a plan. He pointed out: The legal basis of the Preparatory Committee's work of making preparations for the establishment of the SAR is the Basic Law and relevant NPC decisions.

Speaking on current Sino-British relations, Zhang Junsheng said: Vice Premier Qian Qichen visited Britain last October, and the British foreign secretary also visited Beijing last month. Sino-British relations, on the Hong Kong issue in particular, should be described as having made some progress. However, we wish that the British side could take practical actions to return to the path of Sino-British cooperation and cooperate with the Chinese side. Now, as the time of Hong Kong's return to the motherland in 1997 is drawing near, we wish that by acting in line with the stipulations of the Sino-British Joint Declaration the British side can, on the one hand, govern Hong Kong well and maintain Hong Kong's prosperity and stability in the final stage of the transition period and at the same time guarantee a smooth transition of Hong Kong with the joint efforts of the Chinese side. These are obligations and responsibilities that should be undertaken, as prescribed by the Sino-British Joint Declaration.

Hong Kong: XINHUA Chief Delivers New Year Greetings

OW1902142196 Beijing XINHUA Domestic Service
in Chinese 0906 GMT 15 Feb 96

[FBIS Translated Text] Hong Kong, 15 Feb (XINHUA)—On the Lunar New Year's eve, Zhou Nan, director of the XINHUA NEWS AGENCY's Hong Kong Branch, delivered a speech through XINHUA expressing Spring

Festival greetings to the 6 million people in Hong Kong, calling on them to cooperate with the Preparatory Committee's work under the guidance of the principle "one country, two systems and Hong Kong people administering Hong Kong" and in accordance with the Basic Law and the decisions of the National People's Congress and its standing committee. He called on them to make common efforts for the formation of the future Hong Kong Special Administrative Region (SAR) and Hong Kong's steady transition, as well as its prosperity and stability.

Zhou Nan said: As we step into the Lunar New Year of 1996, Hong Kong's hand-over to the motherland is less than 500 days away. The Hong Kong SAR Preparatory Committee was formally established in January this year, indicating that the Hong Kong SAR's preparatory work has entered a specific implementation period. As time goes on, the first chief executive of the Hong Kong SAR, its executive council, provisional legislative council, and court of final appeal will be formed consecutively, and all kinds of preparations relating to Hong Kong's economy, society, and culture will continue. By this time next year, I believe the preparations for all related affairs will be completed, which will lay an excellent foundation for China's resuming sovereignty over Hong Kong on 1 July 1997. Evidently, the Spring Festival in this crucial year of bringing about Hong Kong's steady transition is especially significant to Hong Kong compatriots.

Zhou Nan said: In the last two years or so, the Preliminary Committee for the Hong Kong SAR Preparatory Committee, abiding by the principle of "making oneself the dominant factor and serving and relying on the Hong Kong people," continuously strengthened its communications with Hong Kong compatriots and extensively solicited their opinions and suggestions, thus enabling Hong Kong compatriots to participate more in the deliberation of affairs during the transitional period. This has yielded excellent results and provided rich experience. In its future work, the Preparatory Committee will continue to abide by this principle and rely on its own efforts. On the one hand, we are supported by the central authorities and the people of the mainland; on the other hand, Hong Kong compatriots' active participation will definitely help form a tremendous force that is strong enough to surmount all difficulties and bring about Hong Kong's steady transition.

Zhou Nan stressed: The process of forming the Hong Kong SAR is a process of preparing fully for the future Hong Kong SAR in order to comprehensively implement the policy of "one country, two systems, Hong Kong people administering Hong Kong, and a high degree of autonomy." It is also a process of encouraging

the Hong Kong people to practice the policy of "one country, two systems." Following the development and continuous deepening of the Preparatory Committee's work, the situation will set new and higher demands for Hong Kong compatriots to participate in Hong Kong's hand-over, and will at the same time provide better conditions for this hand-over. Through its close links and communication with Hong Kong compatriots, and by conducting all kinds of opinion solicitation, the Preparatory Committee will, in its work for a little more than a year to come, unite the large number of Hong Kong compatriots in forming the future SAR. It will base this decision on extensively soliciting Hong Kong compatriots' opinions.

Zhou Nan said: On the occasion of establishing the Preparatory Committee, President Jiang Zemin explained Mr. Deng Xiaoping's brilliant summation of "patriot," pointing out that it refers to respecting one's own nation, sincerely supporting the motherland's resumption of sovereignty over Hong Kong, and not damaging Hong Kong's prosperity and stability. President Jiang also stressed that the major task of the Preparatory Committee is to rely on and unite with all the forces that can be united with, and to unite the large numbers of patriots. This serves as a great encouragement for Hong Kong compatriots to cooperate with the Preparatory Committee and devote their efforts to Hong Kong's affairs in the latter transitional period. Zhou Nan believed that the large numbers of Hong Kong compatriots will closely unite under the banner of loving the motherland and Hong Kong and with the general target of safeguarding state sovereignty and maintaining Hong Kong's prosperity and stability. He believed they will unswervingly reach the designated goal.

Zhou Nan said: This year is the first year in which China is implementing the Ninth Five-Year Plan and the Long-Term Program for the Year 2010. Following the gradual fulfillment of this plan, China's economic and social development will reach new heights, and Hong Kong will also benefit much from this. Despite some difficulties in its economic development, Hong Kong's long-term prosperity and stability will enjoy a reliable guarantee provided by the mainland's healthy economic development. He said: With the motherland's powerful support and Hong Kong compatriots' common efforts, we surely can overcome all obstacles and ensure Hong

Kong's steady transition and smooth hand-over. Hong Kong's tomorrow will be more beautiful, and the great Chinese nation will thrive.

Director Zhou Nan concluded: There is a widely known saying in China: "A whole year's work depends on a good start in spring." To satisfactorily fulfill the great plan of forming the Hong Kong SAR, I hope Hong Kong citizens will from now on race against time, care for and support the Preparatory Committee's work, actively devote themselves to all affairs involving the formation of the Hong Kong SAR, and make common efforts for a better tomorrow in Hong Kong.

Macao

Macao: Macao Governor Notes Good Cooperation With Beijing

OW1802155596 Beijing XINHUA in English
1437 GMT 18 Feb 96

[FBIS Transcribed Text] Macao, February 18 (XINHUA) — Macao Governor Vasco Rocha Vieira said today that the Portuguese government has maintained good cooperation with China on the question of Macao, and he believes it will play a crucial role in the smooth transition of Macao.

The Macao governor said in a speech marking the Chinese Lunar New Year that the good cooperation will also lay a solid foundation for the future government of the Macao Special Administrative Region.

He said that he has become increasingly aware of the great importance to ensure a good future for Macao and will make efforts towards that end.

"We will continue to March on the right road and strive for even greater progress and development," he said.

He noted that Macao completed many civil projects last year, and these projects have helped ensure Macao a better future.

The Macao International Airport, for instance, he said, will not only help promote economic growth of Macao, but also increase exchanges with the outside world and accelerate the internationalization of Macao.

The governor foresees a bright year in 1996, which he said will enjoy a peaceful and stable growth.

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